

2014/2015

NXUBA MUNICIPALITY
ANNUAL
REPORT

Chapter 2

TABLE CONTENTS	
CONTENTS	PAGE
Chapter 1: Mayor's Foreword and Executive Summary	5-9
Component A: Mayor's foreword	8- 9
Component B: Executive summary	9
1.1 Municipal Function, Population and Environmental Overview	10
1.2 Service Delivery Overview	13
1.3 Financial Health Overview	14 - 15
1.4 Organizational Development Overview	16 - 17
1.5 Auditor General Report	18 - 19
Chapter 2: Governance	
Component A: Political and Administrative Governance	20 - 22
2.1 Political Governance	20 - 22
2.2 Administrative Governance	23 - 26
Component B: Intergovernmental relations	27
2.3 Introduction to Co-operative Governance and Intergovernmental Relations	
Component C: Public Accountability and Participation	27
2.4 Public Meetings	27
2.5 IDP Participation and Alignment	31 - 32
Component D: Corporate Governance.	31
2.6 Risk Management	31
2.7 Anti- Corruption and Fraud	32
2.8 Supply Chain Management	32
2.9 By-Laws	33
2.10 Websites	33
Chapter 3: Service Delivery Performance (Performance Report Part1)	
3.1 Introduction	35
3.2 Introduction to Water & Sanitation Provision	35
3.3 Electricity	38
3.4 Waste Management	41
3.5 Housing	43
3.6 Fire Basic Service and Indigent Support	45
3.7 Roads	46
3.8 Introduction to Planning and Development	
3.9 Local Economic Development (including tourism)	51 - 53
Component D: Community & Social Services	
3.10 Introduction to Community and Social Services	55
3.11 Libraries, Community Facilities, Other	55 - 56
3.12 Cemeteries	57
3.13 Introduction to Child Care, Aged Care, Social Programme	58

Chapter 2

Component E: Environmental Protection .	59
3.14 Introduction to Environmental Protection	59
Component F: Corporate Policy Offices and Other Services	62
3.15 Introduction to Corporate Policy Offices	62 - 63
3.16 Financial Services	
3.17 Human Resources Services	64 -
3.18 Information and Communication Technology (ICT) Services	
3.19 Property, Legal, Risk Management and Procurement Services	65
Component G: Organizational Performance Scorecard.	66
Chapter 4- Organizational Development Performance (Performance Report Part II)	67
Introduction: Component A: Introduction of the Municipal Personnel	67
4.1 Employee Totals, Turnover & Vacancies	68
Component B: Managing the Municipal Workforce	68
4.2 Policies	69
4.3 Injuries, Sickness and Suspensions	70 - 71
Component C: Capacitating the Municipal Workforce	72
4.4 Skills Development and Training	72 - 73
Chapter 5- Financial Performance	73 - 74
Component A: Statements of Financial Performance	75 - 77
5.1 Statements of Financial Performance	
5.2 Grants	78
5.3 Asset Management	79 - 80
Component B: Spending Against Capital Budget	86
5.4 Sources of Finance	
5.5 Capital Spending on 5 Largest Projects	87
5.6 Capital Spending on 5 Largest Projects	88
Component C: Cash Flow Management and Investments	89
5.7 Borrowing and Investments	90
Component D: Other Financial Matters	91
5.8 Supply Chain Management	91
Chapter 6- Auditor General Audit Findings	91
Component A- Auditor General Opinion of Financial Statements	91
6.1 Auditor General Reports	91 -98
Glossary	99
Appendix A-Councillor, Committees allocated & Council attendance	101
Appendix B- Committees and Committee purpose	102
Appendix C- Third Tier Administrative structure	103

Chapter 2

Appendix D- Recommendations of the Municipal Audit Committee	104
Appendix E- Ward Reporting	105
Appendix F- Long Term Contracts	106
Appendix G- Service Provider Schedule	107
Appendix H- Disclosure of Financial Interests	108
Appendix I (i)- Revenue Collection Performance by vote and sources	109
Appendix J – Revenue Collection Performance by vote	110
Appendix J (ii)- Revenue Collection Performance by source	111
Appendix K- Conditional Grants Receive: Excluding MIG	112
Appendix H- Capital Expenditure- New Assets Programme	113
Appendix K- Declaration of Loan and Grants made by the Municipality	114

Chapter 2

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD VISION

Nxuba Local Municipality’s vision is to work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives particularly those members and groups within communities that is most often marginalized or excluded, such as women, disabled people and very poor people by providing support through Special Programmers Unit (SPU), Extended Public Works Programmers, Community Works Programmers and social grants by Department of Social Development and SASSA.

KEY POLICY DEVELOPMENTS

This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved bearing in mind that foreword provides details that should be included in the chapters to follow.

KEY SERVICE DELIVERY IMPROVEMENT

The key priorities of Nxuba Local Municipality include but are not limited to; service delivery, waste management, high mast lights and disaster management centre which is a prerogative of Amathole District Municipality but as Nxuba we have a supporting role. The Integrated Development Plan (IDP) as a key strategic document which contains the needs of the community. For 2014/2015 financial year the following projects were identified and prioritized in the (IDP) namely; Re-gravelling of Adelaide Streets, Rehabilitation of Nonzwakazi Polar Park Sport field, Rehabilitation of Goodwin Park Multi-purpose Centre, Resurfacing of Bedford Town Streets, Resurfacing of Adelaide Town Streets, Rehabilitation of Wanderers Sport field and Bedford Community High Mast Lighting.

The municipality has a huge financial constraint that has impacted negatively on the growth and prosperity of the municipality. As a rural municipality with low income earning potential, we are faced with the following challenges;

1. Inability to service huge ESKOM debt
2. A large indigent population
3. Grant dependency due to low revenue collection

Chapter 2

4. High unemployment
5. Ageing infrastructure which impedes efforts to tackle electricity challenges
6. Ageing fleet

Despite all these challenges, Council took a firm decision that a disclaimer was not acceptable and the Municipality managed to work very hard to get a Qualified Audit report. The Infrastructure of the Municipality has been improved in the financial year 2014/2015. Particular significance during the year under review is the completion of the paved roads in Adelaide and Bedford, the fencing of Adelaide and Bedford Cemeteries and Human Settlement Houses, 172 Zinc Houses with Jojo Tanks and the Drivers' Testing Ground in Adelaide.

PUBLIC PARTICIPATION

Public Participation is taking place through Ward Community meetings, IDP Roadshows, IDP Rep Forums meeting and Intergovernmental Relations meeting. All our forums are functioning.

AGREEMENTS/PATNERSHIPS

Nxuba Local Municipality has recognised the potential of strategic partnerships to develop its capacity. The Municipality entered into a Memorandum of Understanding with Aspire Development Agency, Nelson Mandela Metro and Eskom. The municipality also collaborates closely with the District Municipality and benefits from strategic Inter-governmental partnerships entered into by the Amathole District Municipality. Agreements / Partnerships as the Municipality we have signed the Memorandum of Understanding with Aspire, Nelson Mandela Metro.

CONCLUSION

Government and its people are continually evolving and so should we. The dynamics of our Municipality and poverty levels are constantly changing; hence we have adopted a more proactive approach in our core function of service delivery. People must be at the centre of the services that we deliver to them and their participation must be always be our point of departure. We base on what we do on the Batho Pele principles of transparency, courtesy, openness, consultation and value for money.

Nxuba Municipality is committed to support the dream of sustainable development and a better life for all its citizens. As Nxuba Local Municipality, we will continue to be receptive to constructive criticism and suggestions as well as to remain accountable to the communities. The President of South Africa introduced a Back to Basics programme which is designed to ensure that all municipalities perform their basic responsibilities and functions without

Chapter 2

compromise. The programme is built on five pillars that seek to improve basic service delivery to communities. It is a humbling experience that on behalf of the people of Nxuba Municipality, I endorse the 2014/2015 Annual Report.

L.L Bruintjies
Mayor/Speaker

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGERS' OVERVIEW

Nxuba Municipality has taken giant steps to ensure that it implements the Integrated Development Plan (IDP) during 2014 / 2015 financial year. The IDP had various developmental projects that were implemented. Chiefly amongst the projects were the construction of a Drivers Testing Ground in Adelaide, paving of access roads in Adelaide's Red Town, construction of Goodwin Park Community Hall in Bedford, paving of Bedford Town Streets and installing highmast lights. Furthermore, the organisational performance can also be measured in the following five (5) Key Performance Areas (KPA's) namely:

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The organisational Policies were reviewed in order to align them to the Integrated Development Plan (IDP). The reviewed Policies were adopted on 25 June 2015. The Policies adopted are mainly: Human Resources and Finance Policies. The Amathole District Municipality assisted in the review of Policies and By-Laws. The Council has also resolved to have moratorium on the filling of non-critical positions in order to stabilize employee costs.

Various training sessions were provided to Municipal Councillors, Staff and Ward Committees in order to capacitate them, thereby enhancing their skills in order to perform their duties effectively.

KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

In 2014 / 2015 Nxuba Municipality had the following projects which are MIG funded and were completed: The Drivers Testing Centre and the Highmast lights. The re-gravelling of Adelaide Streets and resurfacing of Bedford Streets projects are still underway, including renovation of Sports Fields.

The existing Waste Management Plan has been reviewed by Hatch Goba. Hatch Goba reviewed Nxuba Municipality Electrical Problems. It is estimated that about 98% of all households in Nxuba have access to electricity. The Department of Energy has also funded the Electrification of 52 Houses in Bedford and part of the funding is for upgrading the bulk electrical infrastructure.

COGTA through MISA has also deployed three experts at Nxuba to assist with Town Planning, Civil work and electrical services.

The housing sector plan has been developed. In the year under review, various housing projects were being unblocked and construction is taking place. The municipality was involved in discussions with the Department of Human Settlements and the matter of blocked projects is resolved.

The Municipality has been experiencing intermittent lapses in the collection of refuse due to aged plant and equipment. The Municipality has not been able to address the huge backlogs in terms of

Chapter 2

service delivery due to financial constraints and limited funding from other spheres of government.

KPA 3: LOCAL ECONOMIC DEVELOPMENT

The Municipality has managed to develop and promote its enterprise development by providing business skills training to its SMME's. Focus in the 2014 / 2015 financial year was on agriculture and tourism. The Municipality, together with other Government Sectors, provided communities with food gardens and seeds with the aim to improve their livelihood. Funding for LED projects remains a great challenge in this Municipality. Nxuba has now developed its Local Economic Development Strategy. The Municipality has an Annual Tourism event, the Bedford Garden Festival which is mainly funded internally.

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The Municipality has been experiencing a number of challenges in its effort to be financially viable. In order to address these challenges the following has been done: Revenue Enhancement Strategy has been developed by the Municipality to improve its liquidity, Budget Reforms have been implemented and Financial, Asset and Supply Chain Management processes are all being reviewed.

The municipality has not been able to service its debt timeously with Eskom and Auditor General, and also experienced cash flow problems in paying its outstanding creditors as a result of long outstanding debtors. The Credit Control Policy has been reviewed and is being implemented.

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The Internal Audit managed to prepare the Internal Audit Charter, Risk Assessment Register, Risk Management Policy and Audit Committee Charter. The audits of the performance information and Head Count were undertaken. A 3-year internal audit plan was compiled. This improved the functioning of the audit committee. The audit committee could adequately perform its oversight function as a result thereof.

The performance management framework was reviewed but it remains a challenge. Public participation programs have been conducted through the IDP/Budget Road Shows, Ward meetings and Mayoral outreach programmes and IDP / Budget representative forums.

S CAGA

MUNICIPAL MANAGER

Chapter 2

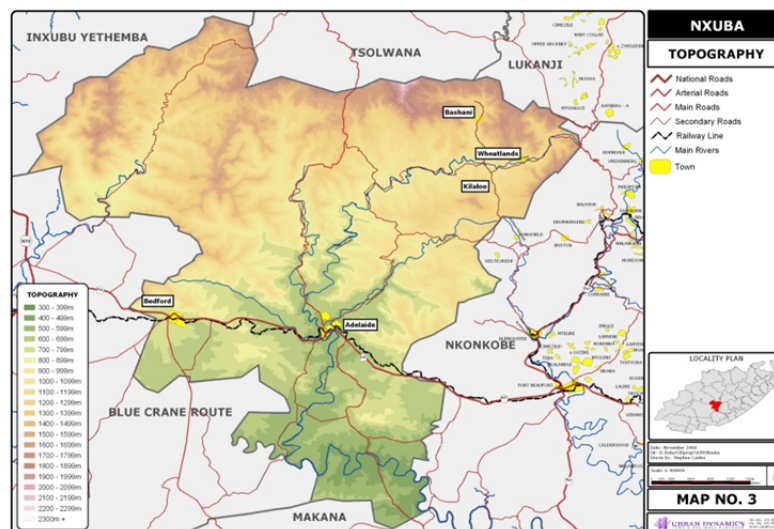
1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

An environmental analysis includes a demographic, socio economic, spatial and biophysical environmental analysis:

Nxuba Local Municipality is situated in the Winterberg region of the Eastern Cape, under the jurisdiction of Amathole District Municipality. It is made up of the towns Adelaide, Bedford and Post Retief. The towns are imbedded with a variety of architecture and steeped in history. The Municipality has a rich historical background dating back to the 19th century with many places of interest and heritage sites that need to be preserved.

The following map represents the geographic location of Nxuba Municipality.



The Nxuba Local Municipality covers an area of 2,749.45km² and constitutes 11.66% of the Amathole District. The physical area is characterised by three distinctive settlement and land use patterns, consisting of its two main urban centres and the rural hinterland, comprising of privately owned farms (including the Winterberg, Mankazana, Cowie Valley, Baviaans River and Smaldeel) where most of the farming activities take place and high lying hinterland which is mainly characterized by mountainous terrain and hills.

The Nxuba Municipal area is abutted by the boundaries of Nkonkobe (East), Lukhanji (North East), Tsolwana (North), Inxuba Yethemba (North West), Blue Crane Route (West) and Makana (South) Municipal areas.

Chapter 2

Demographic trends:

The population of Nxuba is 24 264. The population density is low with an average population density of 8.41 people per Km². The population is predominantly female (51.9%) and predominantly African (75%). The largest portion (61.9%) of the population is young and under the age of 35 years, 29.6% are still dependent (1-14), 61.7% are potentially economically active (15-65) and 8.7% are elderly (65+). The high number of dependent children implies a higher burden on the economically active population and organs of state that are providing social assistance services. 7.6% of the population has some form of disability with more men than women being afflicted. Most of the disabilities are physical.

Socio economic trends:

The area is characterised by poor socio economic conditions. Poverty levels are high with 75.9% of the population earning less than R800 per month and technically falling under the poverty line. This is exacerbated by high levels of unemployment and a high number of potentially economically active people not being economically active (60.8%). Low income levels imply a high dependence on social grants and 32.8% of the population is dependent on social grants. Old age pension and child support grants constitute the majority of grants. Agriculture is the dominant economic activity, followed by community and public sector services with manufacturing and the wholesale and retail trade trailing slightly. The community and public sector services have limited capacity for expansion.

The employment sector is dominated by elementary occupations and occupations requiring low qualification levels. The Municipal area is characterised by relatively low education and literacy levels and 6.3% of the population over 20 years of age have no education while 36.9% have only some form of primary school education. Only 16% of the population has attained Grade 12, in addition only 7.2% have received a tertiary qualification. There are approximately 13 schools in the urban area of the municipality of which just over 17% are Senior Secondary Schools. There are no tertiary education facilities within the municipal area. Fortunately the University of Fort Hare (Alice Campus) is only 60 km from Adelaide.

Primary Health care is provided by the Provincial Department of Health. There are two hospitals and six clinics in the urban area of Nxuba. One Mobile clinic serves the rural area of Adelaide. There is no mobile clinic in the Bedford area. Community Access to Health Services include: mobile clinic, emergency medical service, HIV/AIDS programme, nutrition programme, psychiatry hospital and TB hospital and they are rendered with assistance from and Nkonkobe Local Services Authority and Amathole District Municipality

HIV and Aids and Tuberculosis (TB) is a significant contributing factor to the demographic changes taking place in Nxuba and the Amathole DM IDP predicts that a high drop in the rate of births from a current average of 3.2 to 1.5 births per woman in the year 2020.

Population Details										
Population '000										
Age	2011			2012			2013			
	Male	Female	Total	Male	Female	Total	Age	Male	Female	Total
0 – 14			6357			6357	0 - 4	1333	1363	2695
15- 34			6951			6951	5 - 9	1224	1187	2411
35- 64			6302			6302	10 - 14	1112	1063	2175
65+			1866			1866	15 - 19	1215	1169	2385
							20 - 24	958	914	1872
							25 - 29	899	868	1767
							30 - 34	728	750	1478
							35 - 39	732	738	1470
							40 - 44	621	750	1371
							45 - 49	635	794	1429
							50 - 54	545	671	1216
							55 - 59	527	627	1154
							60 - 64	350	446	796
							65 - 69	307	376	683
							70 - 74	240	379	619
							75 - 79	121	232	353
							80 - 84	72	129	201
							85 +	59	130	189
Source: Community Survey 2007 & Census 2011										

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2010/11	2011/12	2012/13
Demographics						
Population		24 224	21 467	21 467	21 467	24 264
Unemployment		4 690		4 690	4 690	4 690
Number of households in municipal area				6 277	6 277	6 691

1.2. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

SERVICE DELIVERY INTRODUCTION

This part of the analysis provides an overview of infrastructural services. This department consists of:

- Roads & Stormwater
- Electricity & Energy
- Water & Sanitation
- Planning & Development
- Housing Services

⇒ ***Water and sanitation***

- The Amathole District Municipality is the Water Services Authority (WSA) and the Water Services Provider for the entire Nxuba area.
- Water reticulation is provided by the WSP in the urban areas.
- 100% Bucket system is used for Lingelethu and in portions of Nyarha. These toilets were upgraded to waterborne facilities although not connected to the system due to insufficient capacity of the sewerage treatment plants.

⇒ ***Roads and storm water***

- The provision and maintenance of roads covers the functional areas of the Department of Roads and Transport, the Amathole District Municipality and the Local Municipality.
- The most important transportation distributor is the R63, linking King Williams Town to the N10 and Cradock. The stretch that transverses Nxuba from the direction of Fort Beaufort to the N10 is in a good state of repair. The R63 forms axes with the R67 which is also used as an alternative route to Queenstown via Whittlesea. These roads are particularly important for the development of agriculture and tourism in the area.
- The general condition of internal gravel roads within Nxuba is in very poor condition and storm water systems either need to be developed or extensively upgraded. The process of maintaining and upgrading roads is hampered by budget constraints.

Chapter 2

- **Electricity and energy**

ESKOM is the licensed distributor of electricity in the rural area and Nxuba Municipality renders this service in the urban areas of Adelaide and Bedford. Efforts should be intensified to increase the notified maximum demand and faulty meters should be replaced. Electrical network urgently requires be servicing and maintaining. Implement an audit of electrical connections.

COMMENT ON ACCESS TO BASIC SERVICES:

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Nxuba local municipality provides free basic electricity (50kwh) per month to each registered indigent household. All the indigent are approved by the indigent support committee

FINANCIAL HEALTH OVERVIEW FINANCIAL OVERVIEW

The financial position of Nxuba is appalling; the financial year commenced with creditors amounting to R 36.9 million and to date creditors have escalated to R58.4 million. The municipal budget was equally funded by grants and collection of own revenue. The budget of the municipality had a deficit of R17.1 million; due to lack of funds to finance non-cash items. The non-payment of Eskom resulted in National Treasury withholding R5 million from the equitable share which deteriorated cash flow. Collection of own budgeted revenue is 40 %challenges with tools of trade had an enormous impact on collection of revenue.

Financial Overview: 2014/15			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	37,608,000.00	37,891,297.00	33,842,000.00
Taxes, Levies and tariffs	27,349,080.00	32,324,468.00	13,950,106.00
Other	10,318,508.00	6,643,009.00	7,284,638.00

Chapter 2

Sub Total	75,275,588.00	76,858,774.00	55,076,744.00
Less: Expenditure	92,381,141.00	93,964,328.00	50,243,872.00
Net Total*	-17,105,553.00	-17,105,554.00	4,832,872.00

Operating Ratios	
Detail	%
Employee Cost	35%
Repairs & Maintenance	1%
Finance Charges & Impairment	0%

COMMENT ON OPERATING RATIOS:

Employee costs: MFMA circular 71 states that employee cost norm as per is between 35-40%.The municipal employee costs including councilors allowance constitute 35% of the operating budget; the municipality is within the range, if the employee costs budget is higher than the norm it indicates overstaffing or incorrect focus due to misdirecting expenditure to non-service delivery expenditure.

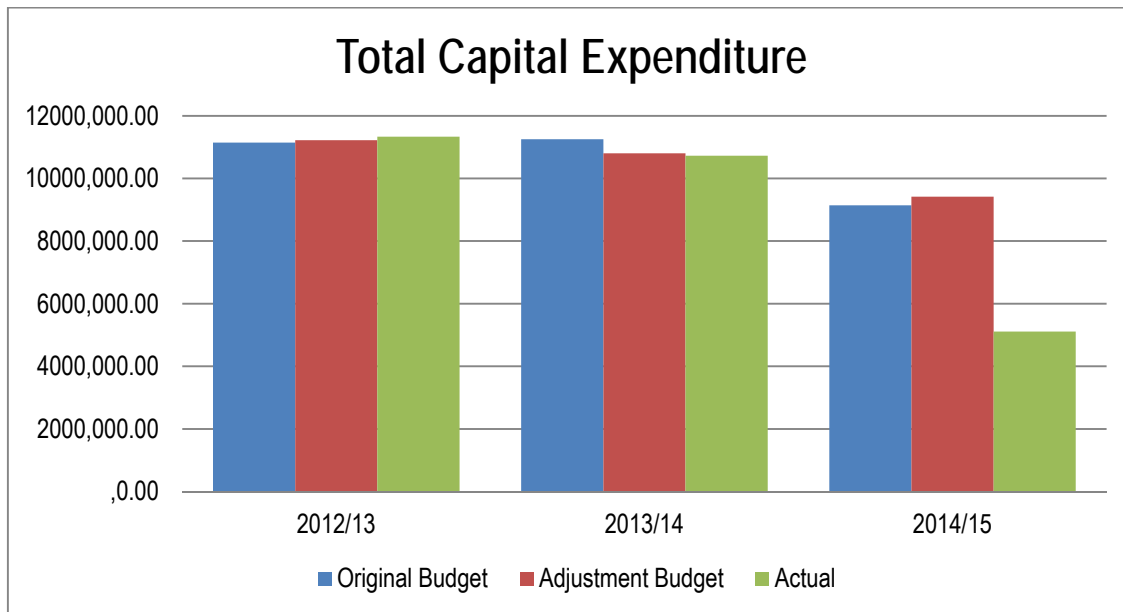
Repairs and maintenance :Repairs and maintenance norm is 8% of property, plant and equipment .The municipal budget is below the norm at 0.7%; this indicate that sufficient funds are not allocated to repairs which could lead to impairment of useful assets. The municipality has allocated funds to acquire new assets as the existing assets are old and repairs would be equivalent to purchasing new assets.

Total Capital Expenditure: 2012/13-2014/15			
Detail	2012/13	2013/14	2014/15
Original Budget	11,142,550.00	11,254,000.00	9,144,095.00
Adjustment Budget	11,221,050.00	10,804,000.00	9,417,393.00
Actual	11,335,438.00	10,727,764.00	5,112,382.80

Chapter 2

Capital Expenditure

In the previous financial years the municipal performance was excellent pertaining to capital. In the 2014/15 financial year, the capital budget was adjusted from R9.1 million to R9.4 million due to approved MIG roll over. Internal challenges hindered 100% spending on capital assets; to date 54% of the capital budget was spent.



COMMENT ON CAPITAL EXPENDITURE:

In the previous financial years the municipal performance was excellent pertaining to capital. In the 2014/15 financial year, the capital budget was adjusted from R9.1 million to R9.4 million due to approved MIG roll over. Internal challenges hindered 100% spending on capital assets; to date 54% of the capital budget was spent.

1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW ORGANISATIONAL DEVELOPMENT PERFORMANCE

ORGANIZATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The overall annual performance for Nxuba Local Municipality for the period July 2014 to June 2015 is summarised below. This below information is extracted from the municipal service

Chapter 2

delivery budget and implementation plan, which depicts strategies, indicators, projects and targets set for the reporting period.

	Annual Targets 2014/15Financial Year		
Department	Total No of Targets (a)	Total Targets Met (b)	% Met (b/a)
Budget & Treasury	43	37	86%
Corporate Services	77	51	66.23%
Technical Department	37	23	62.16%
Municipal Manager	28	27	96.43%
Community Services	47	39	82.98%
Overall Municipal Performance	232	177	76.30%

ANALYSIS OF PERFORMANCE ASSESSMENT RESULTS

The overall performance of Nxuba local municipality for the 2014/15 financial year is **76.30%**. This may be caused by a variety of issues ranging from leadership instability in some departments, inadequate filing of documents to support achievements, etc.

The main challenges that the municipality need to grapple with are the inadequate system of filing of the portfolio of evidence, this has manifested to be the downfall of the municipality as in most cases targets were met but evidence could not be located, and the instability in key leadership positions, i.e. Head of department positions

Chapter 2

1.4. STATUTORY ANNUAL REPORT PROCESS

No .	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

Chapter 2

COMMENT ON THE ANNUAL REPORT PROCESS:

National Treasury published a Municipal Finance Management Act Circular 63 in September 2013 which provided guidance to municipalities on the processes to be followed when compiling an Annual Report. Nxuba Municipality has adhered to the guidelines during the process of developing its 2014/2015 Annual Report.

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Nxuba Municipality is a Category B Municipality (local municipality) as defined under section 3 of the Local Government: Municipal Structures Act No. 117 of 1998.

The Municipal Council has eight Councillors, four of which individually directly represent a specific ward and the remainder represents parties proportionally in the council. After the Local Government elections in 2011, one councillor was proportionally elected to serve on the Amathole District Council to represent Nxuba municipality. The Mayor/Speaker is a full time public office bearer. The Municipality has a Plenary System combined with a ward participatory system. All Councillors are part of the three standing committees due to the size of the Municipality.

Champions to drive key areas were elected among councillors and also the representatives to the Public Bodies. Municipal Public Accounts Committee (MPAC) was established and five Councillors are members of this committee. Ordinary Council and Committee Meetings are held bi-monthly instead of quarterly due to the size of the Municipality. Standing Rules of Orders and also Delegation of Powers were presented to newly-elected councillors in workshops and adopted by them; however the Standing Rules of Order need to be reviewed.

A schedule for Council Meetings was adopted by the Council and meetings are held accordingly and agendas are circulated seven days before the meeting. After the Council Committees have concluded, officials are expected to implement the resolutions agreed to in that meeting and to submit their reports at the next Council meeting.

The Accounting Officer (Municipal Manager) and section 56 managers attend Council and Standing Committees to represent the municipality's administration and to account in the form of the IDP, budget, strategic and operational plans / Service Delivery and Budget Implementation Plan (SDBIP).

POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

As a plenary municipality Nxuba has a full time Mayor/Speaker. However staff supporting the Mayor/Speaker report to Municipal Manager for purposes of supervision and control and also because of the fact that the Mayor/Speaker has other political commitments which results in her not to be in the office all the time.

The Mayor/Speaker is elected to provide political leadership and be the custodian of the vision of the municipality. The Municipality has eight Councillors, four of which individually directly represent a specific ward and the remainder to represent parties proportionally in the council. After the Local Government elections in 2011, one councillor was proportionally elected to serve on the Amathole District Council to represent Nxuba municipality. The Municipality has a Plenary System combined with a ward participatory system.

There are four portfolio committees that have been established in terms of Section 79 of the Local Government Municipal Structures Act, (Act 117 of 1998) to serve the following portfolios;

1. Finance (Budget & Treasury) Committee
2. Corporate Service Committee
3. Technical Services &
4. Community Services Committee

Chapter 2

All Councillors are part of the four standing committees due to the size of the Municipality. Champions to drive key areas were elected among councillors and also the representatives to the Public Bodies. Municipal Public Accounts Committee (MPAC) was established and five Councillors are members of this committee. Ordinary Council and Committee Meetings are held bi-monthly instead of quarterly due to the size of the Municipality. Standing Rules of Orders and also Delegation of Powers were workshoped and adopted by the newly- elected councillors for their term in office. These however will be reviewed in the next financial year. Schedule for Council Meetings was adopted by the Council and meetings are held accordingly and agendas are circulated seven days before the meeting. After the Council Committees have concluded, officials are expected to implement the resolutions agreed to in that meeting and to submit progress reports on the implementation of council resolutions at the next Council meeting. The Accounting Officer (Municipal Manager) and section 56 managers attend Council and Standing Committees to represent the municipality's administration and to account in the form of the IDP, budget, strategic and operational plans / Service Delivery and Budget Implementation Plan (SDBIP).

The Municipality has functional governance structures like Municipal Public Accounts Committee (MPAC) and Audit Committee. These Governance structures meet frequently to discuss. Matters pertaining to their scope of work and terms of reference

MUNICIPAL COUNCIL

Mrs Louisa Leonora (Dolly) Bruintjies	ANC	Mayor /Speaker
Mr Qondile Patrick Maloni	ANC	(PR) Whip
Mr Pasika Jack	ANC	
Ms Bulelwa Pamela Mentoer	ANC	
Mr Sizakele Aubrey Ndyambo	ANC	
Mrs Cecilia Anne Auld	DA	(PR)
Mr Ernst Lombard	DA	(PR)
Mrs Lydia Josephina Douglas		NCO

POLITICAL DECISION-TAKING

The Nxuba Local Municipality is a plenary type municipality. It has four (4) standing committees namely; Finance (Budget & Treasury) Committee, Corporate Services Committee, Community Services and Technical Services. Each standing committee has a chairperson assigned to it and meetings are convened on a monthly basis. Recommendations from standing committees are referred to council meetings for resolution and adoption. Ordinary council meetings are held on a bi-monthly basis and once resolutions are taken they are circulated to all Directorates for implementation. Report on progress of council resolution is reported to subsequent council meeting through a council resolution tracking system (job/action card). During the financial year under review all council resolutions were implemented.

Chapter 2

POLITICAL STRUCTURE

MAYOR/ SPEAKER

Cllr L.L. Bruintjies



CHIEF WHIP

Cllr Q Maloni.



Chapter 2

COUNCILLORS

The Municipality has functional governance structures like Municipal Public Accounts Committee (MPAC) and Audit Committee. These Governance structures meet frequently to discuss. Matters pertaining to their scope of work and terms of reference

ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Nxuba Municipality has experienced severe institutional challenges over the past few months, including financial constraints and the loss of key personnel. A recovery plan was implemented in the Finance Department and additional assistance rendered by ESKOM to improve systems. These initiatives contributed to the stabilization of the administration and go a long way in restoring the confidence of the community in the institution.

The Constitution indicates that the objectives of local government are:

- ✚ To promote democratic and accountable government for local communities
- ✚ To ensure the provision of services to communities in a sustainable manner
- ✚ To promote social and economic development
- ✚ To promote a safe and healthy environment and
- ✚ To encourage the involvement of communities and community organisations in the matters of local government

Nxuba Municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution. The following are the key functions of Nxuba municipality:

FUNCTIONS OF THE MUNICIPALITY

- Building regulations
- Electricity reticulation
- Local Tourism
- Municipal Planning
- Municipal Roads & Storm water
- Trading Regulations
- Amusement facilities
- Billboards and the display of adverts in public places
- Cemeteries, Crematoria and funeral parlours
- Cleansing
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Facilities for the accommodation, care and burial of animals
- Fencing and fences
- Local amenities
- Local sport facilities
- Municipal abattoirs
- Municipal parks and recreation
- Noise pollution

Chapter 2

- Pounds
- Public places
- Refuse removal, refuse dumps and solid waste disposal
- Street trading
- Street lighting
- Traffic and parking

By the legislative powers vested in the Nxuba Municipal council, the following By-laws have been promulgated:-

- Advertising Signs
- Cemeteries & Crematorium
- Community Fire Safety
- Credit Control & Debt Collection
- Delegation of Powers
- Impounding of Stray Animals
- Keeping of Dogs and Other Animals
- Liquor Trading
- Neglected Buildings and Premises
- Prevention of Nuisances
- Public Open Spaces
- Solid Waste Disposal
- Standing Rules for Council
- Street Trading
- Use and Hire of Municipal Buildings
- Ward Committees

INSTITUTIONAL ARRANGEMENT

OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is composed of the staff who provide support and assist with the strategic and operation issues in the office. The office of the Municipal Manager has the following duties assigned to it;

-Internal audit,-Legal services, Intergovernmental relations, Customer care and Integrated Development Plan & Organizational Performance Management.

KEY PERFORMANCE AREAS:

1. Local Economic Development
2. Municipal Transformation and Organizational Development
3. Good Governance and Public Participation
4. Service Delivery and Infrastructure Development
5. Municipal Financial Viability

CORPORATE SERVICES DEPARTMENT

The Manager for Corporate Services is responsible for; Administration (Surveys and Reports),Community Participation, Communication, Human Resource Management, Registry and Archives, Executive and Council Support, Labour Relations, Planning and Development, LED, Typing pool & switchboard and Public Participation

Chapter 2

KEY PERFORMANCE AREAS:

1. Local Economic Development
2. Municipal Transformation and Organizational Development
3. Good Governance and Public Participation

COMMUNITY SERVICES DEPARTMENT

The Director for Community Services Development Department is responsible for the development and maintenance of community facilities and amenities (gardens, sport fields and pavements), cleansing and street sweeping, solid Waste Management and refuse removal (including waste disposal sites), firefighting, security guards, library services, cemeteries and traffic control including pounds.

KEY PERFORMANCE AREAS:

Service Delivery and Infrastructure Development

TECHNICAL SERVICES DEPARTMENT

The Director for Technical Services Department is responsible for; electricity and reticulation, roads and storm water, building maintenance and Inspectorate, town Planning (land use, land sales and subdivisions/rezoning) and Housing Administration

KEY PERFORMANCE AREAS:

Service Delivery and Infrastructure development

BUDGET AND TREASURY DEPARTMENT

The Chief Financial Officer is responsible for the Budget and Treasury office; which includes the management of Municipal assets & risks, revenue, debt collection, meter reading, supply chain management, cashiers, expenditure, salaries and wages, payment of creditors, insurance and valuations.

KEY PERFORMANCE AREAS:

Municipal financial Viability.

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Mr Siphiwo Caga



DIRECTORS :

Director Corporate Services

Mr Mzwabantu Msakatya

Director Chief Financial Officer

Mrs Nonkululeko Marambana

Director Technical Services

Mr Mncedi Kashe

Director Community Services

Ms Ntombi Makwabe

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipality participates in District Intergovernmental Relations (IGR) structures. These structures are composed of the Technical Task Group and District Mayors Forum. The local IGR structure is mainly utilized to solve problems affecting service delivery as well as shared priorities for development. This process is hampered by the inconsistency of member department's representation to the structures and the attendance of officials who do not have decision making capacity and impact on budgeting processes. This negatively affects integration and the municipality has called upon Office of the Premier (OTP) and Cooperative Governance and Traditional Affairs (COGTA) to address the issue of defaulting Departments.

2.3 INTERGOVERNMENTAL RELATIONS PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Nxuba Local Municipality has recognized the potential of strategic partnerships to develop its capacity. The Municipality entered into a Memorandum of Understanding with Nelson Mandela Metropolitan Municipality and other stakeholders such as Public works and others. Nxuba Municipality also works closely with the Amathole District Municipality through the office of the municipal support unit and other departments within the district.

PROVINCIAL INTERGOVERNMENTAL RELATIONS

Nxuba Local Municipality has recognized the potential of strategic partnerships to develop its capacity. The Municipality entered into a Memorandum of Understanding with Nelson Mandela Metropolitan Municipality and other stakeholders such as Public works and others. Nxuba Municipality also works closely with the Amathole District Municipality through the office of the municipal support unit and other departments within the district.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Nxuba Local Municipality arranges quarterly public participation meetings with the public. The municipality also has suggestion boxes in place at all the service delivery points, which assist the municipality to communicate with the public. Ward Councillors, Community Development Workers and Ward Committee members liaise between the Public and the Municipality which also assists the Municipality to get feedback from the public about matters of the community.

By having all these structures in place, Nxuba Local Municipality is therefore able to be more transparent and the public has more access to information.

The benefits of these initiatives would be that, the Public is now able to express their views, interests, suggestions and even complaints.

2.4 PUBLIC MEETINGS COMMUNICATION, PARTICIPATION AND FORUMS

A wide range of communication tools are used and these include;

Winterberg News

Imbizo's / Road shows,

Loud hailing,

Library;

Memorandum

Notice boards and

Nxuba Municipal Website.

Public communication initiatives include things like the IGR meetings that are held Quarterly. At these meetings the public is given a chance to consult about matters of interest and matters that will assist them. All relevant stakeholders are invited to come make presentations about the services they offer and also provide a platform for the Public to consult and interact about the presentation. These meetings are normally attended by approximately 150 – 200 people.

Chapter 2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 1 Committee Meeting	11/2/2015	1	1	10	Yes	
	10/3/2015	1	1	10	yes	
	22/06/2015	1	1	6	Yes	
	12/3/2015	1	1	9	Yes	
	9/6/2015	1	1	8	Yes	
Ward 2 Committee Meeting	7/11/2014	1	1	10	Yes	
	11/2/2015	1	1	6	Yes	
	22/06/2015	1	1	8	Yes	
Ward 3 Committee Meeting	3/2/2015	1	1	5	Yes	
	11/9/2014	1	1	10	Yes	
Ward 4 Committee Meeting	11/9/2014	1	1	6	Yes	
	30/06/2014	1	1	9	Yes	
	22/06/2015	1	1	10	Yes	
Ward Committee Meeting	30/06/2014	4	5	28	Yes	
	16/09/2015	2	4	14	Yes	
IGR Meetings	19/02/2014	5	5	81	Yes	
	11/6/2014	2	3	30	Yes	
	19/11/2014	3	9	99	Yes	
	5/3/2015	3	6	90	Yes	

Chapter 2

	23/06/2015	2	5	80	yes	
Annual Report 2013/14	2/10/2014	2	2	28	yes	
Annual Report Roadshow	7/10/2014	2	5	30	yes	
Demarcation Meeting	18-Jan-00	3	3			
IDP/ BUDGET REP FORUM	12/8/2014	4	4	16	yes	
	19/05/2015	2	4	30	yes	
	11/11/2014	5	7	28	yes	
	18/02/2015	5	7	30	yes	
IDP/Budget Roadshow Lingeletu Hall	22/03/2015	1	4	9	yes	
IDP/ BUDGET Roadshow Bedford Town Hall	22/03/2015	3	4	15	Yes	

Chapter 3

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	NO
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the Section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT RISK MANAGEMENT

Nxuba Local Municipality is mandated by Section 62 (1) (c) of the MFMA which requires a municipality to have and maintain an effective, efficient and transparent system of risk management. Risk management is an approach that the institution uses to set the best course of action under uncertainty by identifying, assessing, understanding acting on and communicating risk issues and opportunities. Risk management also assists the institution to identify risks that can hinder the institution not to achieve its objectives. Nxuba LM Risk Management committee was established on the 18 June 2012. Members of the Committee were appointed on the 26 September 2014 The Risk Management Policy which state all the duties and responsibilities of the committee was developed in 2012 and it was reviewed and submitted to Council for approval on the 22 June 2014,

The committee consists of departmental directors and other officials. The accounting officer has delegated/ appointed the CFO to be the chairperson of the committee and the committee was trained on duties and responsibilities by Local Government on the 19 November 2014, The internal auditor facilitated Risk assessment on the 24 and 25 June 2014 and ;

The Top 5 risks of the institution are;

- Inaccurate and incomplete asset register.

Chapter 3

- Non-integrated financial systems
- Non marketing of Nxuba as a tourists destination
- Lack of provision of fire and Disaster Management services
- ineffective implementation of by-laws and policies

2.7ANTI-CORRUPTION AND FRAUD FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality drafted the Anti-Fraud and Corruption Policy with the assistance of the Department of Local Government. The staff and councillors attended a workshop regarding the policy which was adopted by Council on the 25 June 2015. The risk Management Committee was part of the reviewer of the Anti-Fraud and Corruption Policy. The Whistle Blowing Policy was also adopted by Council. There were no reported cases of fraud for 2014 / 2015 financial year.

2.8SUPPLY CHAIN MANAGEMENT OVERVIEW SUPPLY CHAIN MANAGEMENT

Nxuba Municipality has established a Supply Chain Management Unit in linked with the internal Supply Chain Management Policy. The Nxuba SCM policy has been designed to be fair, equitable, transparent, competitive and cost effective. The policy does comply with the prescribed regulatory framework for municipal supply chain. In the Supply Chain Management policy there are processes which include tenders, quotations, disposals and deviations. The policy does specify which process must be followed for each range of commodities. There are mechanisms and procedures in place to each type of procurement process that is required to be followed. There is flexibility in the process in case of emergency and if the contract is below the prescribed thresholds.

Chapter 3

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

**Note: See MSA section 13.* T 2.9.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	22-04-2014
All current budget-related policies	Yes	20-08-2014
The previous annual report (Year -1)	Yes	12-06-2015
The annual report (Year 0) published/to be published	Yes	12-06-2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	From 19-10-2012 - Currently
All service delivery agreements (Year 0)	No	N/A
All long-term borrowing contracts (Year 0)	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	Yes	14-05-2014
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	26-06-2014

Chapter 3

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Nxuba Local Municipality has already started a process of addressing the shortfalls identified, which are updating the Municipality website on a regular basis. ICT ensures to that the requirements for Municipal websites set out in the MFMA section 75, are adhere to and that the website is constantly up and running.

All of Nxuba Local Municipality's libraries have computers that the public can access all Council web based information. Nxuba Local Municipality website is created in a form that anyone, anywhere is able to access our web and acquire information regarding municipal matters. Nxuba Local Municipality monitors the website on a regular, by obtaining information regarding the activities on our website from the website service provider.

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION SERVICE DELIVERY INTRODUCTION

Basic service including the electricity, refuse and are mainly provided by the Municipality. These are mainly funded from the equitable share which also provides for free basic services to the indigents. The Municipality is also currently updating its indigent register and has also embarked on data cleansing.

Other poverty alleviation programmes that are currently implemented include the expanded public works programme (EPWP) and community works programme (CWP). The Municipality has

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

Nxuba local municipality provides free basic electricity (50kwh) per month to each registered indigent household. All the indigents are approved by the indigent steering committee.

3.1. WATER PROVISION INTRODUCTION TO WATER PROVISION

The Amathole District Municipality is the Water Services Authority (WSA) and the Water Service Provider for the Nxuba Local Municipality area of jurisdiction and therefore responsible for the planning and provision of water and sanitation services.

⇒ *Water and sanitation*

- The Amathole District Municipality is the Water Services Authority (WSA) and the Water Services Provider for the entire Nxuba area.
- Water reticulation is provided by the WSP in the urban areas.
- Adelaide has got insufficient bulk water and ADM has started with a groundwater exploration study in Nxuba to look at alternative options.

100% Bucket system is used for Lingelethu and in portions of Nyarha. These toilets were upgraded to waterborne facilities although not connected to the system due to the persistent drought and insufficient capacity of the sewerage treatment plants.

Chapter 3

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

93% of the households have access to water within the standard set for RDP provision of which 15.6% consists of taps within a range of 200m. Approximately 7% of the inhabitants use water from tankers, boreholes and other sources. Due to the dispersed farming settlement patterns it is concluded that the majority of inhabitants living in the rural hinterlands make use of boreholes, tanks and other water sources in the rural areas.

Water reticulation is only provided in the urban areas. In June 2009 Nxuba was declared a drought stricken area. Due to the seriousness of the drought and below-normal rainfall conditions, ADM embarked on a groundwater exploration study in Nxuba with funding received from Dept. of Water Affairs.

Adelaide

Adelaide bulk water supply comes from the weir in the Koonap River located 12 km west of the town which gravitates down to a treatment plant. The bulk water is insufficient. There is a water reservoir located in Adelaide Town, Bezuidenhoutville and Lingeletu respectively. The reservoir at Bezuidenhoutville and Lingeletu are empty due to the on-going drought and Amathole DM is supplying both areas with water tankers.

Bedford

Bedford's main supply of water is the Andrew Turpin Dam. The dam is about 60% full. The water treatment plant has been upgraded with funding provided by the Amathole District Municipality.

In terms of reticulation, the two township areas, Lingeletu and Nyarha have 50% and 80% reticulation respectively.

3.2 WASTE WATER (SANITATION) PROVISION INTRODUCTION TO SANITATION PROVISION

The Amathole District Municipality is the Water Services Authority (WSA) and the Water Services Provider for the entire Nxuba area. Water reticulation is provided by the WSP in the urban areas. Adelaide has got insufficient bulk water and ADM has started with a groundwater exploration study in Nxuba to look at alternative options. 100% Bucket system is used for Lingeletu and in portions of Nyarha. These toilets were upgraded to waterborne facilities although not connected to the system due to the persistent drought and insufficient capacity of the sewerage treatment plants. The Statistics South Africa Community Survey of 2007 reveals that a high number (39.2%) of the residents within Nxuba are using a bucket toilet system, 6.9% have no sanitation services and 10% uses pit latrines.

Chapter 3

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Type of Sanitation

Municipality	Flush	Pit Latrine	Bucket Latrine	None	Dry facility
Nxuba	2936	394	2026	0	50

The sanitation constraints are mostly being experienced in Lingeletu (100% bucket system) and Nyarha (30% waterborne and 70% bucket system). It should, however be noted that the inadequate sanitation system has been upgraded but not connected to the waterborne sewerage system due to the severe shortage of water and limited capacity of the sewerage treatment plants. No formal sanitation service is offered for rural hinterlands, as these are privately owned farms.

Other areas in need of proper sanitation include, Ndlovini, Sizakele, Bongweni, Polar Park and the informal areas.

Adelaide

The sewerage treatments works consists of 6 Oxidation ponds and an aerated lagoon with a total volume of 2795 cubic meter, which covers an area of 3.44 ha. The sewer treatment plant at Adelaide poses a health hazard as it is too close to the residential area Lingeletu

There is three pump stations in Adelaide Town and one in Bezuidenhoutville that serve the Adelaide area. A sewerage treatment plant (Phase 1) was constructed during the course of 2002.

Bedford

A sewerage pump station consisting of six oxidation ponds is located on the North-eastern side of Bedford.

Areas of prioritized intervention

- Upgrade / expand capacity of the sewerage treatment plant at Adelaide and Bedford and connected the inadequate sanitation system at Lingeletu and affected portions at Nyarha to the waterborne sewerage system.

Chapter 3

3.3 ELECTRICITY INTRODUCTION TO ELECTRICITY

Electricity is the function of Nxuba Municipality and the objective is to deliver electricity to all the residents of Nxuba. The objective is to eradicate the existing backlog of houses without electricity. The municipality had thus applied for and received R 1.4M for the electrification of the 52 Units in Goodwin Park Bedford (2014/15 financial year) and R5 M for increasing the Notified Maximum Demand (NMD) in Adelaide, and to implement the Electrical Turn-Around Strategy which will serve to assist the municipality in its efforts to generate revenue.

The municipality has also formed a Project Steering Committee, which will serve to assist in the implementation of the turn-around strategy, external stakeholders such as ESKOM, MISA, PUBLIC WORKS, DEPARTMENT OF ENERGY to name a few.

Electricity Service Delivery Levels		
Description	Year 2013/14	Households Year 2014/15
	Actual No.	Actual No.
<u>Energy:</u> (above minimum level)		
Electricity (at least min.service level)	679	544
Electricity - prepaid (min.service level)	846	565
	1	
<i>Minimum Service Level and Above sub-total</i>	525	1 109
<i>Minimum Service Level and Above Percentage</i>	64.7%	62.5%
<u>Energy:</u> (below minimum level)		
Electricity (< min.service level)	124	124
Electricity - prepaid (< min. service level)	679	487
Other energy sources	29	54
<i>Below Minimum Service Level sub-total</i>	831	664
<i>Below Minimum Service Level Percentage</i>	35.3%	37.5%
	2	
Total number of households	356	1 774

Chapter 3

Households - Electricity Service Delivery Levels below the minimum					
Description	2012/13	2013/14	2014/15		
	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	6 78	6 78	6978	100000	100000
Households below minimum service level	6000	6550	6550	25000	25000
Proportion of households below minimum service level	86%	94%	94%	25%	25%
Informal Settlements					
Total households	6978	6978	6978	100000	100000
Households ts below minimum service level	6000	6550	6550	25000	25000
Proportion of households ts below minimum service level	86%	94%	94%	25%	25%

Chapter 3

Task Grade	Yea 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6		8	6	2	25%
7 - 9					
10 - 12		2	1	1	50%
13 - 15					
16 - 18					
19 - 20					
Total					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Electricity is the function of Nxuba Municipality and the objective is to deliver electricity to all the residents of Nxuba. The objective is to eradicate the existing backlog of houses without electricity. The municipality had thus applied for and received R 1.4M for the electrification of the 52 Units in Goodwin Park Bedford (2014/15 financial year) and R5 M for increasing the Notified Maximum Demand (NMD) in Adelaide, and to implement the Electrical Turn-Around Strategy. Which will serve to assist the municipality in its efforts to generate revenue.

The municipality has also formed a Project Steering Committee, which will serve to assist in the implementation of the turn-around strategy, external stakeholders such as ESKOM, MISA, PUBLIC WORKS, DEPARTMENT OF ENERGY to but name a few.

The municipality only provides electricity as a free service.

3.4WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) INTRODUCTION TO WASTE MANAGEMENT

Waste Management which includes the street sweeping, collection, transportation and disposal of solid waste. The municipality has a Local Integrated Waste Management Plan 2010, with detailed operational management plans.

The Nxuba Local Municipality collects household refuse from the urban areas on a weekly basis. This service is not provided in rural areas. According to the Statistics South Africa Community Survey 2007, 75.3% of households in Nxuba have access to a weekly refuse removal service. More than 20% of households are not provided with this service and are disposing waste on site by either burying or

Chapter 3

burning. The sparse settlement density and per capital waste generated are normally low therefore the environmental impact should not be significant, especially if managed appropriately.

- Refuse is collected once weekly in all of the urban areas in both towns.
- Refuse is collected twice a week from businesses.

There is one waste disposal site for the Municipality which in Bedford. Bedford landfill site is permitted but it is not strictly managed according to the legislation and permit conditions which is why it is not licenced. The permit conditions pertain to the design, construction, monitoring and closure of a waste disposal site. The Adelaide waste site is not registered and does not conform to DWAF standards. In addition the site is not zoned for waste disposal. The municipality has developed Waste Management By-Laws.

The unit is under-staffed and the waste infrastructure is inadequate. The municipality has one refuse compactor truck, one medium truck and a tractor. The unit is being assisted by projects from

Chapter 3

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		26	17	9	37%
4 - 6					
7 - 9		4	3	1	25%
10 - 12		1	0	1	100%
13 - 15					
16 - 18					
19 - 20					
Total					

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

3.5 HOUSING INTRODUCTION TO HOUSING

The majority of Nxuba's population resides in formal dwellings (83.6%) such as a house or flat in a town house cluster. This is confirmed by the Community Survey 2007 data stating that there are 5 246 households living in formal houses. Close on 9% of the population live in informal backyard and squatter community dwellings and a further 6% have traditional dwellings made of traditional materials.

The provision of formal housing for low and middle income residents is a core function of provincial and national government, with local municipalities being implementing agents. Nxuba Municipality adopted a Housing Sector Plan 2008 to 2012 and is reviewed from 2013 to 2016. The need for

Chapter 3

subsidized housing generates the only real demand for urban space, the bulk of which is primarily for upgrading and to address the existing backlogs.

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3					
4 – 6					
7 – 9					
10 - 12		2	1	1	50%
13 - 15					
16 - 18					
19 - 20					
Total					

Chapter 3

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

There is over 2000 people on the housing waiting list, currently there is one project that has been unblocked for implementation in the current financial year, the 172(Zinc house in Bedford,200 Goodwin park (52 new units completed and handed over to beneficiaries,148 rectification of which 11 was demolition and rebuild and 30 completed . The municipality has also had the general layout plan for Winterberg drive approved by the Suveryor-General. This has been done with the assistance of the Department of Local Government and Traditional Affairs. This is for the establishment of a middle income housing township in the Adelaide town and the municipality is currently putting together a plan to source funds for the service infrastructure for the township. Through the department of Human settlement the municipality has been able to address and respond to disaster affected areas by providing Emergency housing assistance to the destitute (20 beneficiaries has been attended to).The municipality has also facilitated an application to address the issue of informal settlements which will hopefully be adopted through the National Upgrading Support Programme an initiative by National and Provincial department of Human settlements to address informal settlements and a submission has been made. The table hereunder reflects the status quo:

Project Name	No. Of Subs	Delivery Planned	Status
Goodwin Park	200 (52)	52 new unblocked ,148 rectification	Ongoing
Bedford Zinc	172	92 new unblocked,84 rectification	Ongoing
Bedford Nyarha(Polar Park)	161	88unblocking,73 rectification	Procurement
Adelaide	624	252 Rectification	Scheduled 15/16
Adelaide	481	438 Rectification	Scheduled 15/16
Emabaleni	300	300 new	Concept stage
Ndlovini	300	300 new	Concept stage
Tyoksville	100	100 new	Concept stage
Worteldrift	255	255	Turnkey contract-procurement
Community rental units	-	175 beneficiaries	Feasibility study

The above would also reflect some sort of housing backlogs and project scheduled for 15/16 financial year.

However, approximately 1673 potential beneficiaries appear on the housing waiting list. The total area needed to accommodate the existing demand is 56 hectares, based on the density calculated at 30 units per hectare.

Chapter 3

3.6FREE BASIC SERVICES AND INDIGENT SUPPORT **INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

The municipality provides electricity and waste removal as a free service. Registered indigents receives 100% subsidy of waste removal. Councillors of Nxuba Local Municipality, through the ward and steering committees, play an active role in explaining the subsidy and encouraging households who qualify, to apply for the subsidy and to pay their current account.

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipal indigent register indicates that in 2014/15 there are over 2575 registered beneficiaries. The indigent register is updated on a daily basis by finance or when required.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

The municipality prides itself on providing suitable road infrastructure to the community. We have partnered with external stakeholders such as SANRAL and The Department of Roads and Public Works to make sure that we keep the standard of our roads at the desired level of quality.

The R63 road runs through our municipality, connecting us with other towns such as; Cape Town, Port Elizabeth, Somerset East, Fort Beaufort and East London. The taxi associations such as Uncedo etc. are the prominent users of this route. The municipality has partnered with SANRAL to make sure that the quality of the R63 route is well maintained. SANRAL are currently resurfacing the R63 route from Bedford to Adelaide. They have also added safety features to the route such as your speed humps, speed signs and paved walkways for pedestrians.

The Department of Roads and Public also assisted the municipality with re-gravelling the roads leading to all our farming communities, in the Adelaide area.

The municipality provides routine and response maintenance when needed as per our roads maintenance plan. The roads that have exceeded their lifespan the municipality applies for MIG funding to construct new and better roads.

3.7ROADS INTRODUCTION TO ROADS

The municipality assisted by Bosch Monutech a service provider appointed by Local Government, compiled a Roads Maintenance Plan. The appointments of a Civil Technician and a Roads Superintendent have assisted in the implementation of the Roads Maintenance Plan. We are now able to determine which roads are the condition of all our roads and categorize them accordingly.

The roads that have exceeded their lifespan, the municipality makes use of MIG funds to reconstruct those roads. This year due to the reduced MIG allocation and the number of projects, the municipality was unable to invest as much as we would have liked. The procurement of suitable contractors is well underway and construction will start soon.

The municipality also makes use of EPWP funding to employ the poor and disadvantaged to assist in the maintenance of our roads. The works they do is categorized as minor but the sense of pride and achievement it gives to these EPWP beneficiaries is unmeasurable.

Chapter 3

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		11	10	1	10%
4 - 6		3	1	2	200%
7 - 9					
10 – 12					
13 – 15		1	1	0	0%
16 – 18					
19 – 20					
Total		15	12	3	

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.7.7

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.7.2

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140
					T 3.7.3

Chapter 3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The three (3) major roads projects currently being implemented by the municipality are the following; Re-Gravelling of Red Town Access Road Streets, Re-Surfacing of Adelaide Town Streets and Re-Gravelling of Bedford Town Streets. The projects are aimed at providing suitable roads for the community. The other major project is the Installation of electrical infrastructure i.e. High Mast Lights.

It is the municipality priority to provide suitable roads and sufficient lighting to all its community and making use of the MIG funds is assisting us in that regard.

These projects highlighted herein and all projects currently being implemented by the municipality will be multi-year projects.

3.9 WASTE WATER (STORMWATER DRAINAGE) INTRODUCTION TO STORMWATER DRAINAGE

The municipality has made its priority to improve the state of its roads and stormwater drainage systems. We have appointed professional consultants for a three(3) year term to assist us with the designs of the roads we intend to re-construct and they have included the stormwater drainage systems in all their designs.

The municipality also appointed a Civil Engineering Technician and an additional Roads and Storm Water Superintendent to assist with the maintenance of the stormwater drainage system and to implement our roads and maintenance plan.

In the current financial year (year 0) the municipality managed to maintain 36 km of roads and 52 storm-water drainage systems.

The municipality has also managed to secure support from the Amathole District Municipality; Who have assisted the municipality with training opportunities e.g. The Civil Engineering Technician attended Civil Design 2014 in East London; The Amathole District Municipality has also indicated that they will assist the municipality with its drainage problems in the Bezuidenhoutsville (Old Katanga RDP Area) RDP Area.

Employees: Stormwater Services					
Task Grade	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		14	12	2	17%
4 - 6					
7 - 9					
10 - 12		2	2	0	0%
13 - 15					
16 - 18					
19 - 20					

Chapter 3

Total		16	14	2	17%
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COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The municipality has made its priority to improve the state of its roads and stormwater drainage systems. We have appointed professional consultants for a three(3) year term to assist us with the designs of the roads we intend to re-construct and they have included the stormwater drainage systems in all their designs. The projects will be multi-year projects.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The nodes in the Amathole District Municipality were identified as Primary Urban Nodes, Administrative Nodes, Secondary Urban Nodes and Urban Service Centers. Adelaide is the Urban Service Centre in Nxuba Municipality. This is seen as a town that provides a higher order level of services to their surrounding hinterland areas. It is also recognized that these towns exhibit trends of population influx and require investment in order to accommodate this pressure. As per Housing Sector Plan, IDP and SDF of the municipality clearly indicate the social and economic analysis of the municipality; in fact it states that almost + - 7% of the population has not received any form of formal education. Further 36% only received partial primary education and about 42% had secondary education, and only 8% completed their secondary education. Tertiary qualification was attained by merely 7% of the total population, of which some of the people with qualifications have migrated to other towns, such as East London and Port Elizabeth.

3.10 PLANNING

INTRODUCTION TO PLANNING

Land-use planning and development control serve as measurable tools for LED. The assignment of property rights in land and third party enforcement are essential for the efficient operation of markets. Public intervention ensures the separation of incompatible land-uses, integrated planning and development of synergistic land uses, and the 'public goods' aspect of necessary public facilities, open space and infrastructure investment, Land use planning and development control are essential for the existence and operation of land and property markets. For instance, the assignment of and control over land uses will generally reduce transaction costs and can create or enlarge markets.

Chapter 3

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12		1	1	0	0%
13 - 15					
16 - 18					
19 - 20					
Total					

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Our LED Strategy at Nxuba Municipality is to promote economic development and job creation. The Municipality aims to address unemployment, inequality and poverty by assisting communities that are doing agricultural projects, SMME's/ Cooperatives and Tourism Product Owners. Facilitated Workshop for 10 Cooperatives in Cooperatives Amendment Act at East London Calgary Museum, workshop was hosted by ADM, DTI and Department of Economic Affairs. The LED Unit comprises of two officials; LED Office and LED Assistant however there are 4 additional interns/Learners that are deployed by the ADM to capacitated the Nxuba LED and Tourism Unit. The LED Unit is though not fully capacitated there are three more vacant positions according to the approved organogram. LED Officer – One(1), LED Assistant – Vacant, VIC Interns – two(2) and LED Interns – two (2). The Department of Rural Development and Agrarian is also providing support through training of 30 learners and learnership programme of 15 youth through animal production, also 163 people have been trained in fencing and land care. SEDA, DEDEAT and ADM are playing a great role in supporting the Municipality through training programs, registering of companies and financial support as the Municipality is still having a huge challenge to support SMME's and Cooperatives in Financial support. During the 2013/14 Financial Year Nxuba Municipality embarked on the process of the development of Local Economic Development (LED) Strategy. Amathole District Municipality commissioned the appointment of PSKM Development Solution to undertake the development of the Nxuba LED Strategy provided a blue print to stimulate Local Economic Development and job creation within Nxuba Municipality. The objectives is to provide Economic vision and direction for a strategic decision-making on LED including framework for LED implementation and action plan as well as institutional requirements for implementation. Three workshops were held to discuss the strategy and the implementation plan now the LED Strategy is awaiting to be adopted by Council. The Department of Local Government continued once again to fund Deployment of Local Economic Development Capacity it is a great pleasure to the Municipality to get such provision support from the Department. Through CWP Project atleast a 1000 job opportunities were created at an amount of R100 000 00. With the stipend they get, each individual is now able to provide and be able to buy basic needs for their families. CWP workers are involved in improvement of community project by ensuring a clean environment through cleaning of public building, school yards etc. The Municipality has managed to develop and promote enterprise development of SMME's and Cooperatives by facilitating registration of these entities as legal entities with SEDA and CIPRO. More than 20 new Cooperatives have been registered. These SMME's and Cooperatives are also supported with trainings in Basic Business courses and Financial Management. Regular Quarterly meetings are held quarterly to update SMME's and Cooperative on challenges, support provided by Municipality and other sector departments & all other LED initiatives. Together with the Department of Rural provided by Municipality and other sector departments & all other LED initiatives. Together with the Department of Rural with this measures people were able to improve livelihood and Alleviate poverty. Bedford Commonage Fencing and Landcare Project was undertaken at Bedford and Adelaide participants were given stipends and certificates after training. A total of 163 people were employed.

T 3.11.1

Economic Activity by Sector			
			R '000
Sector	Year 2012/2013	Year 2013/2014	Year 2014/2015
Agric, forestry and fishing	N/A	N/A	N/A
Mining and quarrying	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A
Wholesale and retail trade	N/A	N/A	N/A
Finance, property, etc.	51	48	52

Chapter 3

Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	108	111	118
<i>T 3.11.2</i>			

Economic Employment by Sector			
Sector	Jobs		
	2015/2016 No.	2014/2015 No.	2013/2014 No.
Agric, forestry and fishing	N/A	N/A	N/A
Mining and quarrying	N/A	N/A	N/A
Manufacturing	N/A	N/A	N/A
Wholesale and retail trade	N/A	N/A	N/A
Finance, property, etc.	N/A	N/A	N/A
Govt, community and social services	N/A	N/A	N/A
Infrastructure services	N/A	N/A	N/A
Total	0	0	0

COMMENT ON LOCAL JOB OPPORTUNITIES

Jobs Created during Year 2014/2015 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year 2015/2016	43	0	43	through ward councillors
Year 2013/2014	80	0	80	through ward councillors
Year 2014/2015	1160	0	1160	through ward councillors
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
<i>T 3.11.5</i>				

Chapter 3

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year 2013/2014	70	70
Year 2014/2015	96	96
Year 2015/2016	0	0

Chapter 3

Task Grade	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12		2	1	1	50
13 - 15					
16 - 18					
19 - 20					
Total					

Financial Performance Year 2014/2015: Local Economic Development Services					
R'000					
Details	Year 2014/2015	Year 2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	840590	843620	304000	667620	-26%
Expenditure:					
Employees	295527	314441	0	222797	-41%
Repairs and Maintenance	0	0	0	0	0
Other	40000	60000	0	60000	0%
Total Operational Expenditure	335527	374441	0	282797	-32%
Net Operational Expenditure	-505063	-469179	-304000	-384824	-22%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Municipality has managed to develop and promote its enterprise development by providing business skills training to its SMME's. Focus in the 2014/2015 financial year was on agriculture, cooperatives and tourism. The Municipality, together with other Government Sectors, provided communities with food gardens and seeds with the aim to improve their livelihood. Funding for LED projects remains a great challenge in this Municipality. Nxuba has now developed its Local Economic Development Strategy and it has been adopted by the council. The Municipality has managed to develop and promote its enterprise

Chapter 3

development by providing business skills training to its SMME's/Cooperatives. The focus in the 2014/15 financial year was on agriculture. The Municipality, together with other Government Sectors, provided communities with food gardens and seeds with the aim that communities have access to green and fresh vegetables to improve their livelihood and alleviate poverty. Funding for LED projects still remains a great challenge in the Municipality. There are Cooperatives that still needs assistance like fencing, electrical connections etc for their project that cannot be funded by LRED and other institutions.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

Community Halls

The municipality has 5 community halls and maintenance has been done. The building officer is in charge of supervising the maintenance of all community halls. EPWP has appointed security officers to assist with the safe keeping of halls from vandalism.

3.12 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

SERVICE DELIVERY PRIORITIES

Manage the Community Library and provide for the creation, education and information needs of the community.

Facilitate and implement operation plan and activities of library information services.

Manage library Assets

Render Library Services

PERFORMANCE MEASURES

To assist public by registering members

Implement library rules, layout and guidelines.

Attend to user's needs;

- Compilation of monthly and statistical reports
- Attendance of District meetings
- Attend capacity building of officials.
- Selection of library material
- Receiving of new library material for the District
- Maintaining of stock by means of shelving according to DDC.
- Mending of books
- Weeding of stock
- Assisting with stock taking
- Issue library materials to users
- Conduct information search
- Keeping records of circulation material

Chapter 3

- Requisition of professional stationery from the District and alignment of subsidy budget
- Monitoring and control library funds.

ACHIEVEMENTS

- Encouraging users to visit the library regularly which plays a big role in increasing membership.
- Library rules are placed on the notice board and also around the library where users can see them. Some of the users do comply with the rules and those who do not follow the rules are reminded in a friendly manner.
- Monthly Reports are compiled and submitted in a professional manner.
- Library Awareness Pogrammes and Holiday programmes are conducted.
 - Story telling plays part of the ongoing activities in the library to improve children's listening skills.
 - Library material is issued out to registered users with specific return date.
- Assist learners on how to search information using encyclopaedias, books and internet.
- Assets are checked every morning when opening the library.

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2	0	0%
4 - 6		2	2	0	0%
7 - 9					
10 - 12		3	1	2	66%
13 - 15					
16 - 18					
19 - 20					
Total		7	5	2	66%

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The Municipality is currently busy with the construction of the Goodwin Park Community hall. As part of the Local contractor development strategy, the Municipality has put out informal tenders for the completion of the works at the hall.

This strategy serves to promote local contributor development as they do qualify to bid for informal tenders.

Chapter 3

3.13CEMETORIES AND CREMATORIUMS **INTRODUCTION TO CEMETORIES & CREMATORIUMS**

The municipality currently has a total of 9 operating cemeteries. In Adelaide area we have a total of 5 cemeteries; three(3) operating cemeteries namely, Lingeletu, Bezeduihoutville Cemeteries, Town Cemeteries and the other two(2) have reached their capacity. In the Bedford area we have a total of 4 cemeteries of which 2 are operating and the other 2 have reached full capacity.

The municipality has made it its priority to provide outstanding service delivery to the community at an affordable rate for all. Currently we charge the community R 252.87 to bury their loved ones at any of our township cemeteries and R 1251,76 to use any of our cemeteries in the town area. These rates are schedule for alteration at the beginning of every financial year.

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	1	1	50%
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Nxuba Local Municipality has programs designed to give assistance to citizens outside of what the market provides such as caring for and supervision of a child or children and aged elderly people.

The Municipality has formed Forums/Structures that oversee all the services and monitor the needs of organisations involved. These formed Forums/Structures help in improving performance.

Some initiatives that we have partaken in include the following:

1. December 2014, disabled people from the Nxuba community were given Christmas hampers
2. One elderly person from Bez'ville Adelaide was given a wheelchair, his house was cleaned and was also provided with groceries.
3. In partnership with Amathole District Municipality, we hosted a Candlelight Memorial Service for people living or affected by HIV/AIDS. Where we also gave all affected child headed homes were given groceries

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The Air Quality Act makes it incumbent on local municipalities to monitor ambient air quality within its area of jurisdiction. It is accepted that a permanent air quality officer is required to regularly monitor air pollution and analyze the data in areas with heavy industrial emissions due to high industrial development. However in Nxuba there is almost no industrial economy and the air quality is pure and untainted. This situation does not warrant the appointment of a permanent air quality officer thus the municipality is looking at more sustainable solution like partnering with the DEA to monitor the air quality in Nxuba.

3.15 POLLUTION CONTROL INTRODUCTION TO POLLUTION CONTROL

Pollution control is taken care of by the District Municipality however it is the duty of the municipality to report polluted areas.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The municipality has eight security officers in its employment. The security officers work in shifts. There is still shortage of security officers as the ones that are employed work abnormal hours. However, the municipality

Fire and Disaster Management

The Municipality does not have dedicated staff to render the services. The municipality is now engaging with Cooperative Governance and Traditional Affairs in assisting in transferring the services to be the competency of Amathole District Municipality.

Traffic Services

The traffic services are responsible for the licensing of vehicles, issuing of learners licensing as well as control of stray animals. The traffic unit is fully fledged and the testing station is complete and graded as a grade A testing station.

Chapter 3

3.17 FIRE INTRODUCTION TO FIRE SERVICES

The Municipality does not have dedicated staff to render the services. The municipality is now engaging with Cooperative Governance and Traditional Affairs in assisting in transferring the services to be the competency of Amathole District Municipality.

T 3.21.1

MFire Service Data					
	Details	Year 2013/14	Year 2014/15		Year 2015/16
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	5	-	5	
2	Total of other incidents attended in the year	3	-	3	
3	Average turnout time - urban areas	5 hours			
4	Average turnout time - rural areas	5 hours			
5	Fire fighters in post at year end	0	0	0	0
6	Total fire appliances at year end	2	0	2	4
7	Average number of appliance off the road during the year	0	0	0	0

Chapter 3

Employees: Fire Services				
Job Level	Year 2014/15			
Fire Fighters	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	%
Chief Fire Officer & Deputy				
Other Fire Officers				
0 – 3	0	0	2	
4 – 6	0	0		
7 – 9	0	0		
10 – 12	0	0		
13 – 15	0	0		
16 – 18	0	0		
19 – 20	0	0		
Total	0	0		

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES

Nxuba Local Municipality is comprised of two (2) administration units namely; Adelaide and Bedford. The seat of governance is located in Adelaide. During the financial year under review the municipality appointed an administrator in Bedford to oversee service delivery and proper management and administration of the office. The municipality also took under review of its organizational structure which was adopted during June 2014. The municipality also took a review and development of various policies namely; Recruitment and Selection Policy, Fraud Prevention Policy, Whistle Blowing policy, Leave Management Policy, Scarce Skills and Retention Policy, Hall Usage Policy, Induction Policy, Internship Policy, Probation Policy, Credit Control Policy, Fruitless and Wasteful Expenditure Policy, Debt Write-Off Policy etc.

PERFORMANCE OF THE COUNCIL

Nxuba Local Municipality is a plenary type Municipality led by Mayor / Speaker with 7 other Councillors and 4 Wards. The Council meets regularly as per schedule of dates with Council Committees (Standing Committees) also meeting bi-monthly.

There are Rules of Order that guide the operations of the Council.

3.25 FINANCIAL SERVICES

Nxuba local municipality provides free basic electricity (50kwh) per month to each registered indigent household. The Nxuba local municipality indigent policy state that the equitable share received annually will be utilized for the benefit of the poor and not subsidise rates and services charges of those who can afford to pay.

Chapter 3

Task Grade	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6		4	3	1	33%
7 - 9		5	4	1	25%
10 - 12		7	6	1	16%
13 - 15		2	2	2	100%
16 - 18					
19 - 20					
Total		18	15	5	174%

Chapter 3

3.26 HUMAN RESOURCE SERVICES INTRODUCTION TO HUMAN RESOURCE SERVICES

Section 56 positions were all filled though there was a service termination done for one Director Technical Services towards the 31 November 2014. The HR clerk was appointed to beef up HR Section in December 2014. Most critical positions were filled including Special Programmes Unit (SPU), Intern Communications and Civil Engineer (Contractual Basis). All officials have filled the Code of Conduct and Disclosure Forms for the year in question. Background check for new appointments was conducted for the traffic officers and Security guards. Four policies have been developed and were adopted by the council namely: Language Policy, Communication Strategy, Encroachment bylaw. Thirty five (35) policies have been reviewed in May- June 2015 and they will be submitted for adoption to the Council.

The Skills Audit was conducted in February 2015. The Skills Development Section has submitted the Work Place Skills Plan. Local Government Seta has funded training for two officials on occupationally directed education training and development Programmes (OD ETDP) which has a qualification of NQF level 5, Eskom has offered various trainings on OHS, supervisory, transportation for the lower levels officials.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Task Grade	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12	4	4	4	4	0%
13 - 15					
16 - 18					
19 - 20					
Total					

Chapter 3

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT Unit had set out to develop an ICT Strategy/Master plan and has successfully developed it and the necessary processes have been followed. The ICT Unit even went as far as developing an ICT Governance Framework Policy, even though it is still in the process of being workshopped and adopted by Council.

The following measures have been taken by the ICT Unit to improve performance:

1. LAN speed has been upgraded from 512kbps to 1026 kbps which makes it four times faster than it was.
2. VOIP phones which are cheaper than the previous telephone system
3. Installing new LAN ports and upgraded LAN flyers from 5e cat to 6e cat, which transports heavier bandwidth.
4. Also, introduced a new email solution. The emails are now on cloud.

Employees: ICT Services					
Task Grade	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12		1	1	0	0%
13 - 15					
16 - 18					
19 - 20					
Total					

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

	Annual Targets 2014/15Financial Year		
Department	Total No of Targets (a)	Total Targets Met (b)	% Met (b/a)
Budget & Treasury	43	37	86%
Corporate Services	77	51	66.23%
Technical Department	37	23	62.16%
Municipal Manager	28	27	96.43%
Community Services	47	39	82.98%
Overall Municipal Performance	232	177	76.30%

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Year 2013/14	Year 2014/15			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water			–		
Waste Water (Sanitation)			–		
Electricity		10	6	4	67
Waste Management		33	20	13	65.0
Housing		1	–	1	100
Waste Water (Stormwater Drainage)		–	–	–	–
Roads		30	25	5	20
Transport		–	–	–	–
Planning		2	2	–	–
Local Economic Development		2	1	1	100
Planning (Strategic & Regulatory)					
Local Economic Development					
Community & Social Services		23	18	5	28
Environmental Protection		0	0	–	0
Health		–	–	–	–
Security and Safety		11	7	4	57
Sport and Recreation		–	–	–	–
Corporate Policy Offices and Other		18	21	3	14.28
Totals					

Chapter 4

Vacancy Rate: Year 2014/15			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager			
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	2	2	100
Other S57 Managers (Finance posts)	–	–	–
Traffic officers	4	0	0
Fire fighters			
Senior management: Levels 13-15 (excluding Finance Posts)	3	3	100
Senior management: Levels 13-15 (Finance posts)	2	2	100
Highly skilled supervision: levels 9-12 (excluding Finance posts)	19	5	26.31
Highly skilled supervision: levels 9-12 (Finance posts)	9	1	11.11
Total			

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2			
Year -1			
Year 0	32	8	25%

COMMENT ON VACANCIES AND TURNOVER:

The Technical Services Director vacated his position on 30 November 2014. The Municipality advertised the vacancy on 14 November 2014. The position was re-advertised and interviews were conducted and the Council submitted the successful candidates to the Office of the Provincial MEC for concurrence. Concurrence letter was received from the Office of the Provincial MEC and the candidates were appointed and informed accordingly, one declined and the second one had already been appointed somewhere else. The reason for staff turn-over is the low salary scales and our Municipality is a plenary type and has a challenge in revenue collecting.

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

During 2012/13 financial year the municipality developed a human resource plan and strategy which was adopted. The aim of the human resource plan and strategy as adopted by the council is to respond to and forecast on human resources needs and capabilities of Nxuba Municipality. It also seeks to align the human resource strategy to the organizational goals as encapsulated in the five (5) IDP as adopted per council. The following 19 human resources policies were reviewed and adopted by the council on 30 June 2015.

4.2 POLICIES

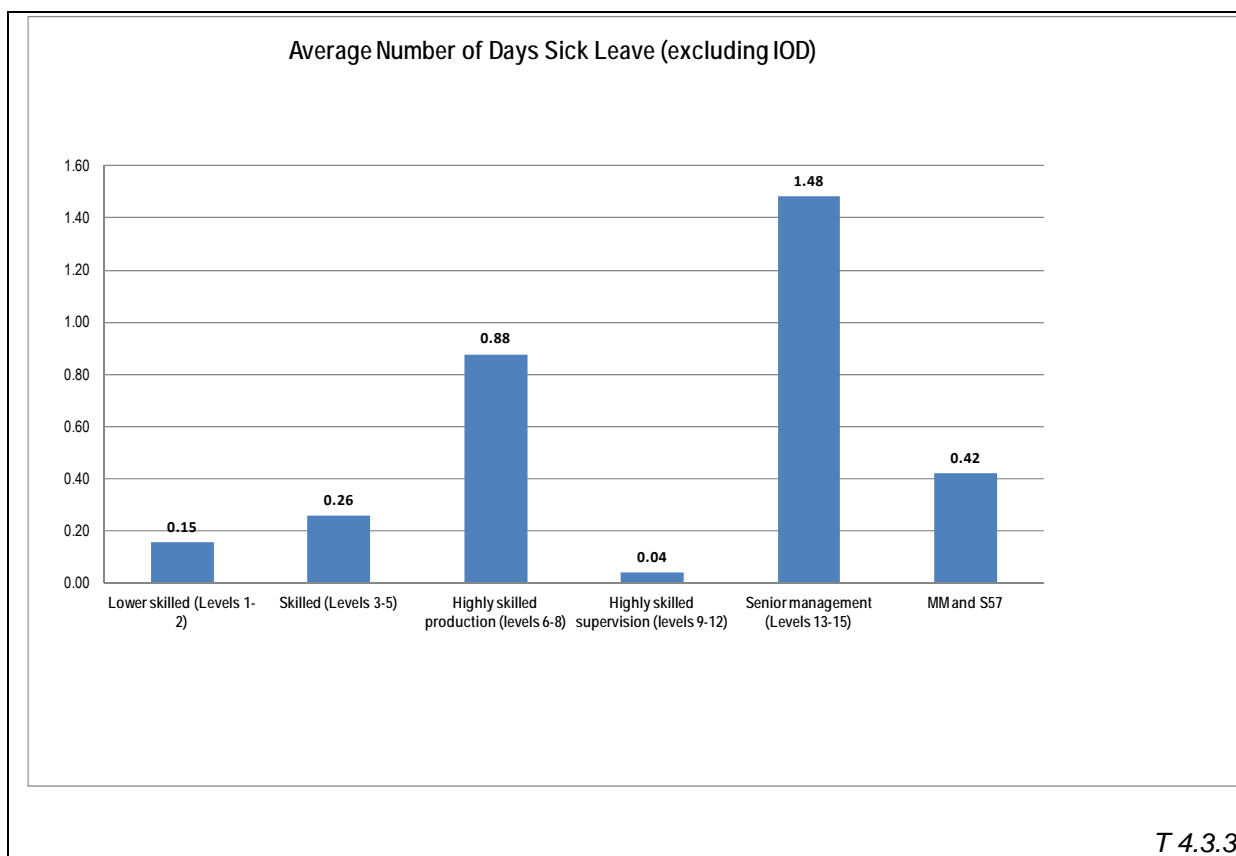
HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Leave Policy		√	30 June 2015
2	Recruitment and Selection		√	30 June 2015
3	Fleet Management		√	30 June 2015
4	Scarce Skills/Retention		√	30 June 2015
5	Private Work		√	30 June 2015
6	Training and Development		√	30 June 2015
7	Internship		√	30 June 2015
8	Wellness		√	30 June 2015
9	Study Assistance		√	30 June 2015
10	Succession Planning		√	30 June 2015
11	Promotion and Transfer		√	30 June 2015
12	Long Service		√	30 June 2015
13	Mayoral Grant Aid		√	30 June 2015
14	Cellular Telephone Policy		√	30 June 2015
15	Community Participation		√	30 June 2015
16	Health and Safety		√	30 June 2015
17	Language Policy		√	30 June 2015
18	Communication Strategy		√	30 June 2015
29	Overtime Policy		√	30 June 2015
20	Other:			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The policies were reviewed and submitted to Council for adoption. They were adopted on 30 June 2015 with amendments to follow.

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Legal and Compliance Officer	Various: Fraud, misrepresentation, negligence and failure to carry out legal instruction.	11-May-15	The accused party requested various types of information and raised some technical regard representation	Provisionally scheduled for August 2015.
Training and Skills Development Officer	Various: Fraud, failure to perform tasks and responsibilities diligently, carefully and to the best of his ability	11-May-15	The accused party requested various types of information and raised some technical regards representation	14-Aug-15

Chapter 4

4.4 PERFORMANCE REWARDS

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	20	9		45%
	Male	30	12		40%
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total		50	21		
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

Component A: Statement of Financial Performance

The municipality is not performing very well financially, as it is unable to meet its commitments as they become due. This is because of the eroding revenue streams and grant dependant. The municipal performance of budget versus actual is monitored on a monthly basis by Head of Departments (HOD) for warning signs of poor revenue generating and excessive spending. In the 2014/15 financial year there was a material variances when comparing the adjusted budgeted revenue and actual revenue collected.

The municipality main source of revenue is through electricity sales however electricity theft as well as aging infrastructure hinders the municipality from realizing revenue as anticipated as the municipality is experiencing huge distribution losses in this area. The municipality is also experiencing challenges in collecting debt owed to the municipality since the community at Nxuba is not affording to pay due to affordability. Even the government departments around Nxuba does not pay their accounts as they should, the municipality struggles a lot to collect from them. Businesses and affording households shows no interest in paying municipal services at all.

For the year under review the municipality has experienced difficulty in implementing debt collection due to some interference with debt collection process by councilors and some internal related issues such as staff shortages and tools of trade.

The municipality has embarked in various negotiations for assistance in order to deal with these revenue generating challenges and undesirable debt collection. The relevant stakeholders such as (DOE) department of energy, National Energy Regulation of South Africa (NERSA), Eskom were approach for assistance wherein steering committees were established. MISA technocrats were approach to assist the municipality, where an action plan was developed and is being implemented. The testing station began operating towards the end of the last quarter of 2014/15 financial year and will contribute in revenue generation improvement. Electricity challenges are currently being fully addressed..

MFMA requires that the Municipality pays its creditors within 30 days of receiving the invoice; however this is not the case at Nxuba. The municipality endeavors to negotiate payment plan with creditors when necessary to avoid litigation that could result from non- payment of creditors. Out of creditors Eskom is the major creditor the municipality finds it difficult to make payment as the account becomes due. In order to improve cash flow the municipality has embarked on major cost cutting initiatives that includes cutting nice to have and moratorium on vacancies. This could lead to the inability to spend on service delivery related issues if not dealt with.

Another major spending that the municipality has embarked on is the use of consultants to prepare Annual Financial Statements, developing of GRAP compliant fixed asset register and reviewing of SCM processes. As the consultants had two year contract with the municipality, the main objective was to ensure that when the contract expires the municipal finance staff are self reliant through skills transfer approach, in such that 2014/15 financial statement are being prepared by the CFO (Chief

Chapter 5

finance Officer) and finance staff with the assistance of the consultant other than consultant doing it for the municipality.

The municipality is working toward achieving not only unqualified but clean audit. However it goes without say that unqualified audit does not mean clean administration or sound financial stability, hence measures should be in place to address poor administration and financial viability. Improved financial performance of the municipality is of paramount importance for the achievement of clean audit.

Component B: Spending against capital budget

The total capital budget for the year amounted to R9.1 million; 97% of this budget constitutes MIG projects and 3% are assets such as office equipment funded by other sources. The capital budget constitute 10% of the annual budget and 90% is towards operating expenditure.

The MIG allocation for capital projects has been apportioned as following:

- 42% allocation for sport fields
- 45 % allocation for roads
- 13 % allocation for electrification

However the municipality was unable to complete the projects in the current financial year.

Component C: Other financial matters

Supply chain management

According to section 111-112 of the Municipal Finance Management Act no 56 of 2003, each Municipality must have and implement the supply management policy which should be fair, equitable, transparent ,competitive and cost effective and also comply with prescribe regulatory framework for municipal supply chain management

Nxuba Municipality adopted its supply chain policy in 2007 that gets reviewed on an annual basis which was last reviewed May 2015 .The Policy sets clear guidelines to service providers/contractors who perform projects on behalf of the municipality to use local labour based human resources to ensure job creation and development of Historical Disadvantage Individual (HDI's) in communities where projects will be undertaken. Nxuba Municipality has since implemented this by appointing the local service providers and by also applying a labour extensive approach on MIG Projects such as Fencing of Goodwin Park Multipurpose, Paving of Traffic Testing Grounds, Re-habilitation of Nonzwakazi Polar Park(Fencing &Change Rooms).

The Major challenges that Municipality has experienced in the 2014/2015 financial year was the number of deviations caused by lack of accredited suppliers that comply with all supply chain regulations. Suppliers around Nxuba are limited and Municipality has been forced to appoint Suppliers from the other areas such as East London or Port Elizabeth for an example General Repairs of Nxuba Vehicles.

Remedial actions have been taken by advertising for the contract and panel of service providers. To address non participation from prospective service provider and skilling of local businesses, supplier days are conducted with the assistance of Amathole District Municipality, Local Economic Development, Project Management and SCM. The municipal supplier database is being reviewed annually to encourage prospective businesses to register so that opportunities are given all. The municipality endeavors to comply with SCM policies and regulations to ensure fair, equitable, transparent SCM process are followed at all times for the benefit of all relevant stakeholders such as suppliers, community, the council and the regulators.

Chapter 5

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 0											Year -1			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<u>Financial Performance</u>															
Property rates			-			-									
Service charges			-			-									
Investment revenue			-			-									
Transfers recognised - operational			-			-									
Other own revenue			-			-									
Total Revenue (excluding capital transfers and contributions)															
Employee costs			-			-									
Remuneration of councillors			-			-									
Debt impairment			-			-									
Depreciation & asset impairment			-			-									
Finance charges			-			-									
Materials and bulk purchases			-			-									
Transfers and grants			-			-									
Other expenditure			-			-									
Total Expenditure															
Surplus/(Deficit)															
Transfers recognised - capital			-			-									
Contributions recognised - capital & contributed assets			-			-									
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate			-			-									
Surplus/(Deficit) for the year															
<u>Capital expenditure & funds sources</u>															
Capital expenditure															
Transfers recognised - capital			-			-									
Public contributions & donations			-			-									
Borrowing			-			-									
Internally generated funds			-			-									
Total sources of capital funds															
<u>Cash flows</u>															
Net cash from (used) operating			-			-									
Net cash from (used) investing			-			-									
Net cash from (used) financing			-			-									
Cash/cash equivalents at the year end															

T 5.1.1

T 5.1.1

Chapter 6

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

Chapter 6

5.2 GRANTS

Grant Performance						
R' 000						
Description	2013/14	2014/15		2014/15 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	26,596	27,523	27,523	21,153	-30.12%	(0.30)
Equitable share	22,307	23,789	23,789	17,838	-33.36%	(0.33)
Municipal Systems Improvement	890	934	934	934	0.00%	0.00
Municipal Finance Management	1,641	1,800	1,800	1,618	-11.23%	(0.11)
EPWP	1,010	1,000	1,000	762	-31.17%	(0.31)
Integrated National Electrification grant	749	-				
Provincial Government:	639	634	634	1,142	44.48%	0.44
Sports and Recreation	522	522	522	1,086	51.93%	0.52
Local economic development	117	112	112	56	-100.00%	(1.00)
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	-	-	-	-		
<i>[insert description]</i>						
Total Operating Transfers and Grants	27,236	28,157	28,157	22,295	(0.26)	(0.26)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The budgeted revenue from operating grants amounted to R 28.1 million, no adjustments occurred. To date the actual spent amounted to R22.2 million. The variance is caused by under spending on the equitable share allocation. The municipality was allocated R23.7 million as per Division of Revenue 2015; R5 million was not deposited to the municipality due to non-payment of Eskom. The municipality did not receive any grants from other sources apart from those stated in the DORA.

Chapter 6

5.3 ASSET MANAGEMENT INTRODUCTION TO ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/15				
Asset 1				
Name	Traffic Testing Ststion			
Description	Construction of Testing Station			
Asset Type				
Key Staff Involved	Mr R Diplooy			
Staff Responsibilities	Ensure the Testing Staion is mainta			
	Year -3	Year -2	Year -1	Year 0
Asset Value	4,581,030.81			
Capital Implications	Generate Revenue for the Municipal			
Future Purpose of Asset	Community Services			
Describe Key Issues	Testing Ground			
Policies in Place to Manage Asset	yes Asset Management Policy			
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

Chapter 6

COMMENT ON ASSET MANAGEMENT:

Asset management

Good asset management ensures that the municipality obtains the most out of its assets, assets are safeguarded, maintained and more importantly, that a municipality is able to meet its service delivery obligations. Asset management policy is in place which ensures effective and efficient control, utilization, optimization of usage, safeguarding and management of assets. One of the largest assets obtained in the financial year will generate revenue for the municipality and improve its financial position

Repair and Maintenance Expenditure: 2014/15				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	1,520,000	1,010,780	140,623	91%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

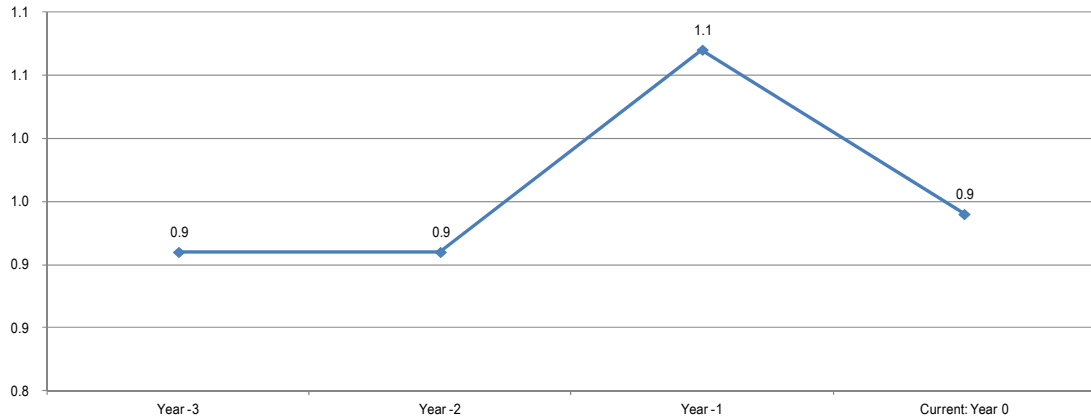
The original budget repairs amounted to R1.5 million; this budget was adjusted to R1 million; variance amounts to R509 220. To date 14% of the adjusted budget has been spent, the under spending is due to cash flow problems facing the municipality.

T 5.3.4.1

Chapter 6

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio

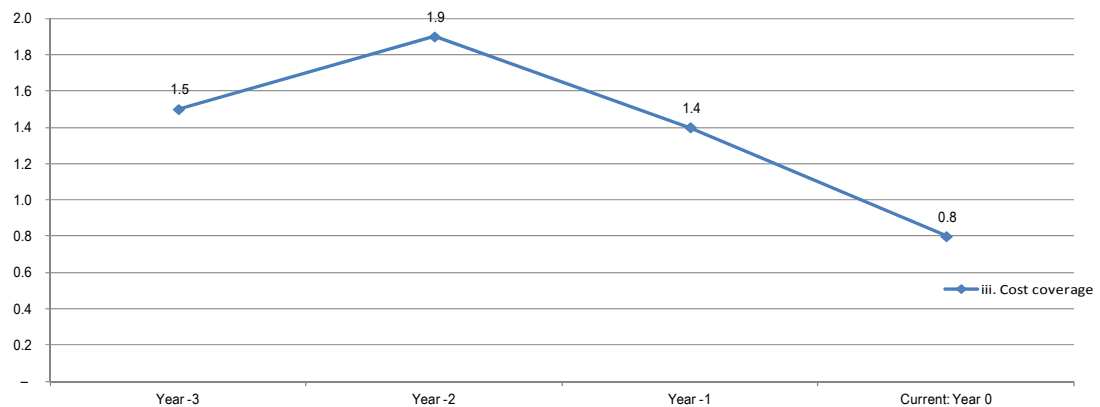


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Cost Coverage



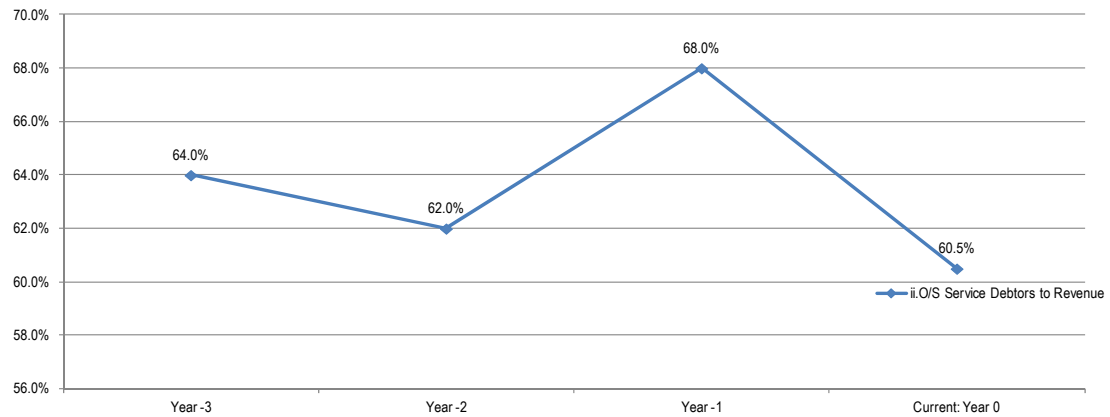
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

Chapter 6

T 5.4.2

Total Outstanding Service Debtors

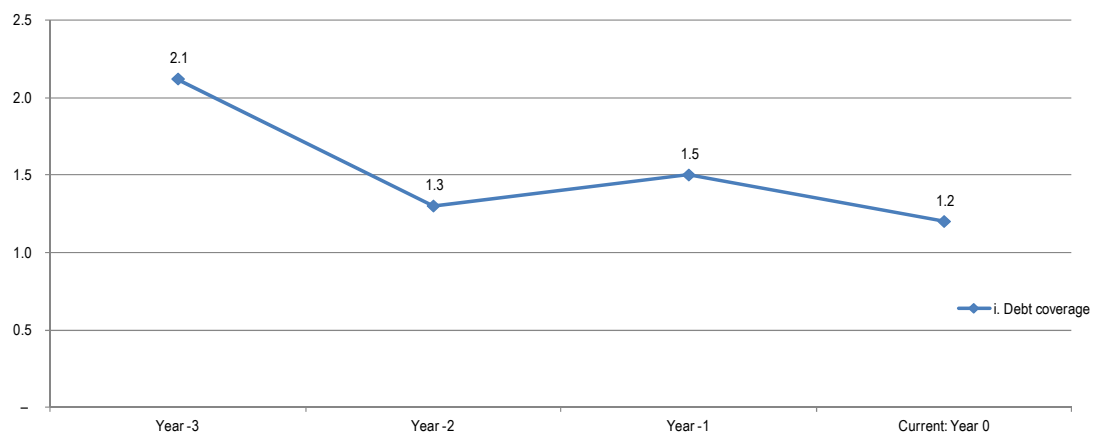


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

Debt Coverage



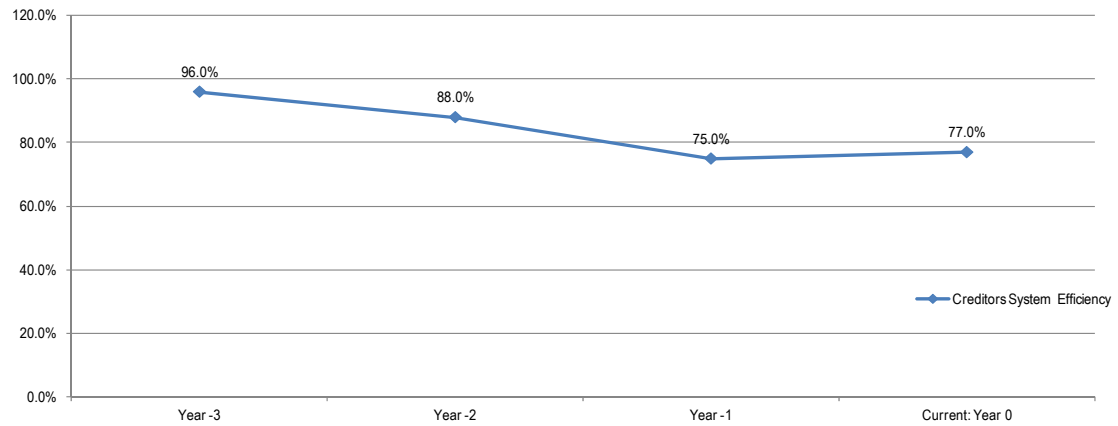
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 6

Creditors System Efficiency

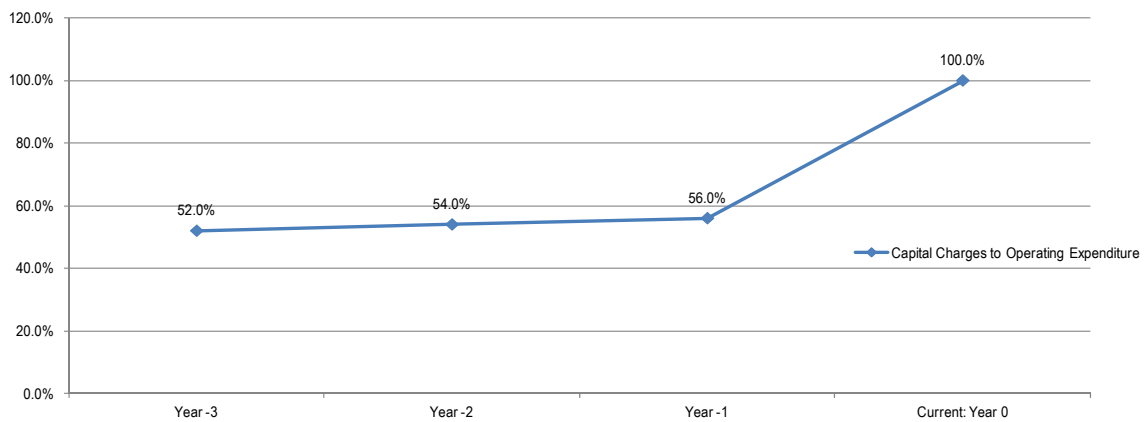


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Capital Charges to Operating Expenditure



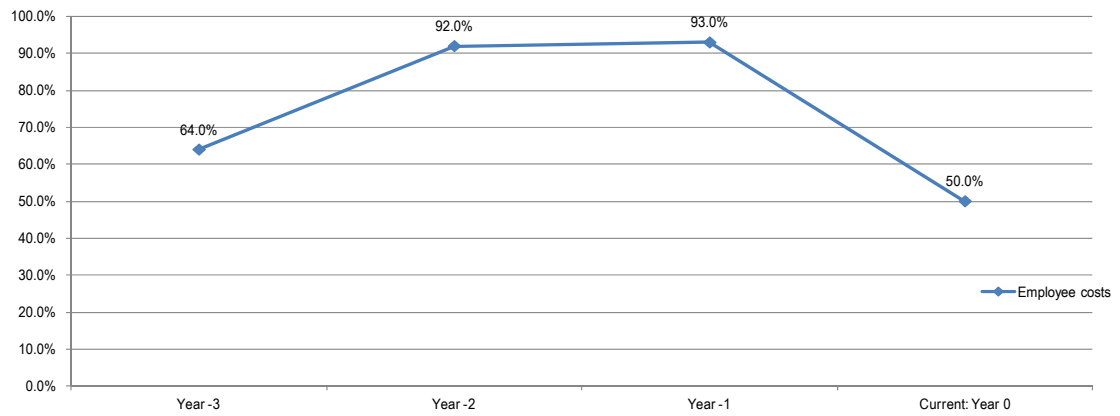
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 6

Employee Costs

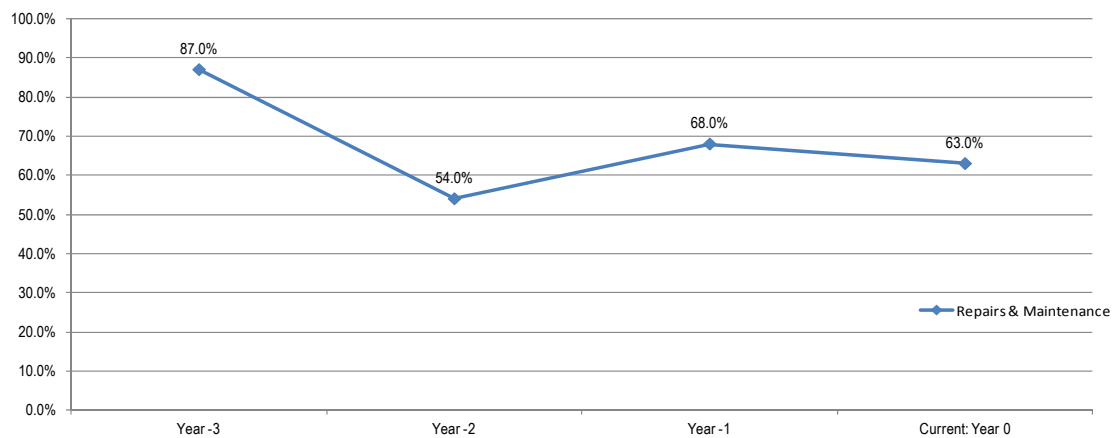


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Repairs & Maintenance



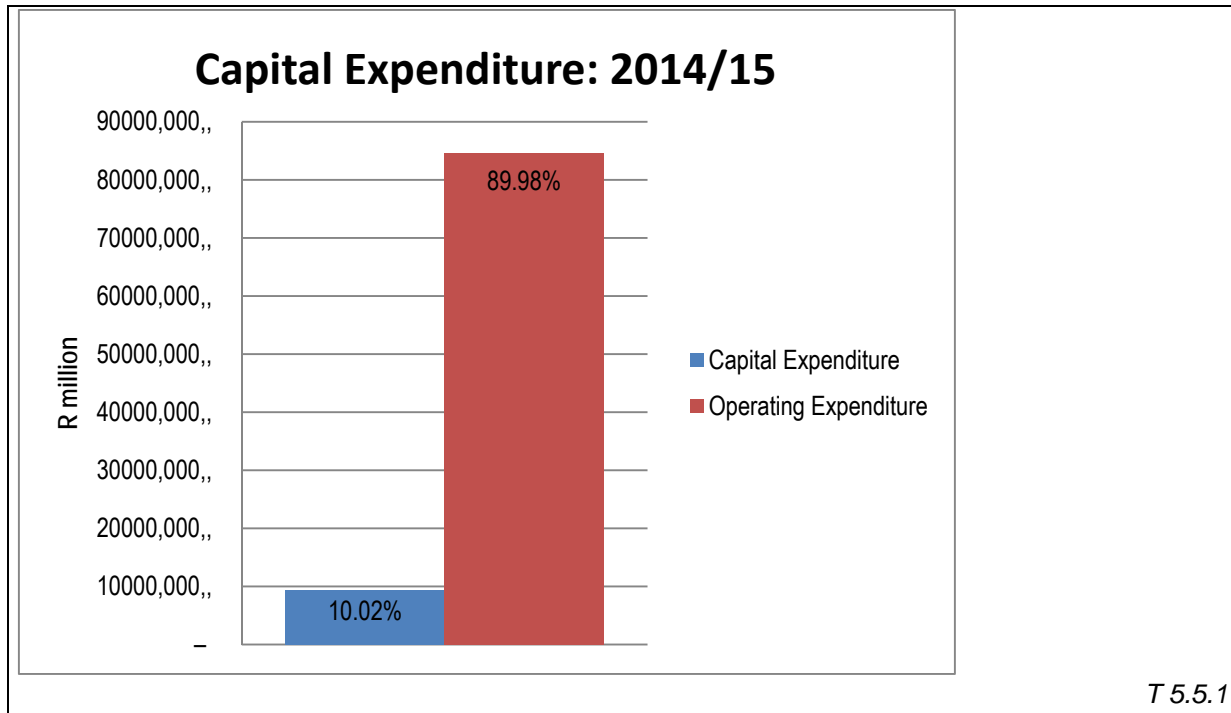
Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

Chapter 6

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



Chapter 6

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources:2013/14-2014/15						
R' 000						
Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	0.00	0.00	0.00	0.00		
Public contributions and donations	0.00	0.00	0.00	0.00		
Grants and subsidies	10,727,764.00	8,890,095.00	9,177,393.00	4,963,000.00	3.23%	-44.17%
Other		254,000.00	240,000.00	149,000.00	-5.51%	-41.34%
Total	10,727,764.00	9,144,095.00	9,417,393.00	5,112,000.00	-2.28%	-85.51%
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	100.0%	97.2%	97.5%	97.1%	-141.7%	51.7%
Other	0.0%	2.8%	2.5%	2.9%	241.7%	48.3%
Capital expenditure						
Electricity	0.00	1,140,095.00	1,140,095.00	1,379,957.00	0.00%	21.04%
Housing	0.00	0.00	0.00	0.00		
Roads and storm water	1,072,764.00	4,000,000.00	4,000,000.00	1,267,638.00	0.00%	-68.31%
Other	0.00	4,004,000.00	4,277,298.00	2,464,405.00	6.83%	-38.45%
Total	1,072,764.00	9,144,095.00	9,417,393.00	5,112,000.00	6.83%	-85.72%
Percentage of expenditure						
Electricity	0.0%	12.5%	12.1%	27.0%	0.0%	-24.5%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	100.0%	43.7%	42.5%	24.8%	0.0%	79.7%
Other	0.0%	43.8%	45.4%	48.2%	100.0%	44.9%
T 5.6.1						

COMMENT ON SOURCES OF FUNDING:

The capital budget of the municipality is mainly funded by the Municipal Infrastructure Grant. Financial position of the municipality results in the inability to address backlogs with own funds.

Chapter 6

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2014/15			Variance: 2014/15	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Wanderers sport field	750,000	750,000	295,246	61%	0%
Nonzwakwazi polar park sport field	1,500,000	1,500,000	1,094,230	27%	0%
Multi purpose cente Goodwin Park	1,500,000	1,500,000	416,041	72%	0%
Installation of electrical infrastructure	1,140,095	1,140,095	1,379,957	-21%	0%
Resurfacing of roads in Bedford	1,500,000	1,500,000	357,647	76%	0%
Resurfacing of road in Adelaide	1,000,000	1,000,000	363,933	64%	0%
Regravelling of roads in Red and Bezville	1,500,000	1,500,000	546,058	64%	0%
Bedford Hall	0	283,298	9,334	0%	0%
* Projects with the highest capital expenditure in 2014/15					
Installation of Electrical Infrastructure					
Objective of Project	To install and rehabilitate high mast lights				
Delays	None				
Future Challenges	Aging Electrical Infrastructure				
Anticipated citizen benefits	5000 households				
Resurfacing of Adelaide Town Streets					
Objective of Project	Construction of tar roads in Adelaide				
Delays	Design Stage and Procurement of Contractor				
Future Challenges	Closing down of streets and difficulty in providing alternative routes				
Anticipated citizen benefits	Whole of the municipality residents and tourists				
Rehabilitation of Goodwin Park Sportfield					
Objective of Project	Provide sport infrastructure				
Delays	Local Labour only contractor did not perform any works; strikes from SANCO				
Future Challenges	None				
Anticipated citizen benefits	4000				
Regravelling Bedford Town Streets					
Objective of Project	Provide better roads infrastructure				
Delays	Procurement of contractor				
Future Challenges	Closing down of streets and difficulty in providing alternative routes				
Anticipated citizen benefits	Whole of the municipality residents and tourists				
Regravelling Adelaide Town Streets					
Objective of Project	Provide better roads infrastructure				
Delays	Procurement of contractor				
Future Challenges	Closing down of streets and difficulty in providing alternative routes				
Anticipated citizen benefits					
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

There are no variations between the original and adjustment budget except for 1 project. One of the factors that resulted in under spending on the MIG funds was poor co-ordination between Supply Chain and Project Management Unit. This is an area which will be rectified in the future to mitigate such actions.

Chapter 6

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow refers to the movement of cash into and out of the municipality. Watching the cash inflows and outflows is one of the most pressing management tasks. Poor cash management is probably the most frequent stumbling block, caused by poor revenue collection. The cash flow position of the municipality had deteriorated in the 2014/15 financial year; this is evident on the increasing creditor's age analysis.

5.9 CASH FLOW

Cash Flow Outcomes				
Description	2013/14	Current: 2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	37,617	34,316	38,967	21,198
Government - operating	27,236	28,157	28,157	24,404
Government - capital	10,853	9,451	9,734	9,451
Interest	—	150	—	37
Dividends				
Payments				
Suppliers and employees	(89,718)	(83,237)	(84,547)	(46,302)
Finance charges				
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	(14,012)	(11,163)	(7,688)	8,788
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(10,728)	(9,144)	(9,417)	(5,112)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(10,728)	(9,144)	(9,417)	(5,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	—	—	—	—
NET INCREASE/ (DECREASE) IN CASH HELD	(24,739)	(20,307)	(17,106)	3,676
Cash/cash equivalents at the year begin:				—
Cash/cash equivalents at the year end:		(20,307)	(17,106)	3,676
Source: MBRR A7				T 5.9.1

Chapter 6

COMMENT ON CASH FLOW OUTCOMES:

The original budgeted revenue amounts to R92.3 million and expenditure R 75.2 million, deficit R17.1 million. The adjusted budget revenue for 2014/15 amounts to R76.8 million whilst the adjusted expenditure amounts to R93.9 million, implying an equal increase in revenue and expenditure of R1.3 million from the original budget, deficit remained R17.1 million.

BORROWING AND INVESTMENTS INTRODUCTION TO BORROWING AND INVESTMENTS

Borrowings and investment

The municipality has no borrowing, investment accounts are in place where funds (portion of grants) which will be unused are kept and interest is generated which is used for the municipal operations.

GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 0

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON NXUBA LOCAL MUNICIPALITY

Report on the financial statements

Introduction

1. I have audited the separate financial statements of the Nxuba local municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nxuba Local Municipality as at 30 June 2015 and its financial

Chapter 6

performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Impairments

8. As disclosed in note 29 to the financial statements, impairments to the amount of R8,2 million were incurred as a result of a write-off of irrecoverable trade debtors.

Restatement of corresponding figures

9. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2015 in the financial statements of the Nxuba Local Municipality at, and for the year ended, 30 June 2014.

Financial sustainability

10. As disclosed in note 45 to the financial statements, financial sustainability indicators have been disclosed by management.

Events after reporting date

11. As disclosed in note 46 to the financial statements, the boundaries of Nxuba Local Municipality and Nkonkobe Local Municipality have been redemarcated. The two municipalities are going to amalgamate. The official date of the amalgamation has not been made official and the financial implications for Nxuba Local Municipality cannot be reliably estimated.

Unauthorised expenditure

12. As disclosed in note 47 to the financial statements, unauthorised expenditure amounting to R13,7 million was incurred by the municipality during the year ended 30 June 2015. This was as a result of expenditure not budgeted for and expenditure in excess of the budget.

Fruitless and wasteful expenditure

13. As disclosed in note 48 to the financial statements, the municipality incurred fruitless and wasteful expenditure amounting to R4,3 million during the year ended 30 June 2015. This is as a result of penalties and interest charged on late payments due to the cash flow problems faced by the municipality.

Irregular expenditure

14. As disclosed in note 49 to the financial statements, irregular expenditure amounting to R16,6 million was incurred by the municipality during the year ended 30 June 2015. This was as a result of non-compliance with procurement requirements.

Material losses

15. As disclosed in note 53 to the financial statements, material losses to the amount of R3,8 million were incurred as a result of electricity losses. Further to this, the percentage disclosed for electricity losses is above the acceptable range which is a result of poor management of infrastructure.

Additional matter

Chapter 6

16. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited Supplementary schedules

17. The supplementary information set out on pages 80 to 86 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:

- ☐ Development objective 2: Service Delivery and Infrastructure Development on pages 12 to 13.
- ☐ Development objective 3: Local Economic Development on pages 14 to 15.

20. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

21. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

22. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

23. The material findings in respect of the selected development objectives are as follows:

Service Delivery and Infrastructure Development Objective

Usefulness of reported performance information

Measurability of indicators

Performance indicators not well defined

24. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 25% of the indicators were not well defined.

Performance indicators not verifiable

25. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 29% of the indicator were not verifiable. This was because management did not adhere to the requirements of the FMPPI.

Chapter 6

Performance target not specific

26. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 25% of the targets in relation to the selected development objective were not specific in clearly identifying the nature and the required level of performance.

Performance target not measurable

27. Performance targets should be measurable as required by the FMPPI. We could not measure the required performance for 25% of the targets in relation to the selected development objective. This was due to the fact that management did not have sufficient appropriate audit evidence and monitoring activities for showing how targets were measured.

Reliability of reported performance information

28. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, 44% of the targets were not reliable because I was unable to obtain sufficient appropriate audit evidence for 45% of the targets. In addition, 35% of the targets were not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and monitoring of the completeness of source documentation in support of actual achievements.

Local Economic Development Objective

Measurability of indicators and targets

Performance indicators not well defined

29. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 33% of the indicators were not well defined.

Performance target not specific

30. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 33% of the targets in relation to the selected development objective were not specific in clearly identifying the nature and the required level of performance.

Reliability of reported performance information

31. The FMPPI requires auditee to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual

achievements and monitoring of the completeness of source documentation in support of actual achievements. .

Chapter 6

Additional matters

32. I draw attention to the following matters:

Achievement of planned targets

33. Refer to the annual performance report on pages 6 to 12 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development objectives reported in paragraphs 24 to 33 of this report.

Compliance with legislation

34. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Budget

35. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, which is in contravention of section 15 of the MFMA.

Financial statements

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

37. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management Regulations (SCM) 17(a) & (c).

38. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).

39. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2).

40. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM 21(b) and 28(1)(a) and the Preferential Procurement Regulations Act (PPPF).

41. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).

42. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the PPPF Act and SCM regulation 28(1)(a).

43. Contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the PPPF Act and its regulations.

44. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Chapter 6

45. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Human resources management

46. Sufficient appropriate audit evidence could not be obtained that the senior manager dismissed for financial misconduct in a previous position and re-appointed before the expiry of 10 years in contravention of section 57A of the MFMA.

Expenditure Management

47. Money owed by the municipality was not always paid within 30 days and the agreed period, as required by section 65(2)(e) of the MFMA.

48. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Conditional grants received

49. Expenditure allocated to the Municipal Infrastructure Grant (MIG) project were not incurred for the purposes of the allocation.

50. MIG unspent at year end were not surrendered to the National Revenue Fund and there is no evidence to confirm that National Treasury approved the rollover to the next financial year.

Asset management

51. An effective system of internal control for investment property was not in place, as required by section 63(2)(c) of the MFMA.

Consequence Management

52. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

53. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the findings on the annual of performance report and the findings on compliance with legislation included in this report.

Leadership

54. Leadership have not instituted disciplines necessary to enable oversight and monitoring that promotes efficiency and effectiveness in financial management and performance information. This is evident by the over reliance on consultants to assist with financial reporting and the repeat findings reported on performance information, investment property, irregular expenditure and compliance.

55. Leadership did not set the correct tone with performance reporting. This is evident by the type of findings reported. This did not set the correct tone in building a high performance environment that promotes accountability.

56. Leadership did not implement adequate controls to prevent and detect irregular expenditure, fruitless and wasteful expenditure and unauthorised expenditure incurred.

Financial and performance management

Chapter 6

57. The municipality is still challenged by the quality of information submitted for performance information and the inadequate document retention.

58. The annual performance reports included material misstatements due to the lack of oversight of the collection, collation and reporting of performance information.

59. There were instances of non-compliance with laws and regulations governing the municipality. This is as a result of inadequate controls within the municipality and a lack of adequate review and monitoring of compliance with laws and regulations.

Governance

60. The municipality's risk management committee, internal audit and audit committee have carried out their duties in terms of the mandate.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of

GLOSSARY

	outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

GLOSSARY

	achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Mee Attendance
				%
L.L. Bruintjies	Full time		Ward 2 ANC	96%
S.A. Ndyambo	Part Time	Technical Services Committee	Ward 1 ANC	96%
P. Jack	Part Time	Finance (Budget and Treasury) Committee	Ward 3 ANC	92%
B.P. Mentoer	Part time	Community Services Committee	Ward 4 ANC	96%
C.A. Auld	Part time		DA	96%
L.J. Douglas	Part time		Ikhala/Independent	100%
E. Lombard	Part time		DA	96%
Q.P. Maloni	Part time	Corporate Services Committee	ANC	85%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Concerning T A

Delete Directive note before publication: Provide comments on the above table.

T A.1

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance (Budget & Treasury) Committee	To report on all matters relating to finance and make recommendations to council.
Corporate Services Committee	To report on all matters relating to human resources, good governance and public participation and Local and Economic Development
Community Services Committees	Count on matters relating to cemeteries, waste management libraries and social facilities
Technical Services	Count on matters relating to municipal properties, building, electricity and repairs and maintenance

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Traffic and parking		
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees						
Ward (Number)	Name	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1.Ward 1		Cllr S.A Ndyambo	Yes	Standing Committee meetings and ordinary council meeting are held once in every second month respectively.	Ward committee meetings held regularly, since few reports are submitted to the Speaker Office. The mechanism are in place in terms of ensuring our communication strategy strengthen the Ward committees and various structures.	4-Jan-00
		Ward committee member				
		· Mr J.M Prinsloo (Ratepayers)				
		· Sinethemba Mjakuca (Youth)				
		· Gqalisisa Andile (Emerging Farmers)				
		· Jean Lombard (Education)				
		· De Wit Christian (Religious)				
		· Happy-boy Ndondo (Sport)				
		· Sajini Mboyiya (Disable)				
		· Nolubabalo Sidebe (Health)				
		· Muir Vivian (Business)				
						TE

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
ward 1	Adelaide Town: Surfacing of Red Access Roads Streets Rehabilitation of Wanderers Sport Field Red Location, Old Location: Re- surfacing of Adelaide Town Streets	6/1/2014 Multiyear projects	6/30/2015 Multiyear projects	R1 500 000.00 R750 000.00 R1 000 000.00
Ward 2	Reyini Old Department Testing Station phase 2	6/1/2014 Multiyear projects	6/30/2015 Multiyear projects	R8 100.
Ward 4	Nonzwakazi Location: Upgrading of Nonzwakazi Sport Field	6/1/2014 Multiyear projects	6/30/2015 Multiyear projects	R1 500 000.00
Ward 3	Goodwin Park Location: Rehabilitation of Gonodwin Park Multi Purpose Centre Bedford Town: Re-surfacing of Bedford Town Streets Goodwin Park: Goodwin Park Community Hall	6/1/2014 Multiyear projects	6/30/2015 Multiyear projects	R1 500 000.00 R1 500 000.00 R275 000.00
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					<div></div>
Households without minimum service delivery					
Total Households*					
Houses completed in year	<div></div>				
Shortfall in Housing units					
*Including informal settlements					T.F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
T F.3		

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
18/06/2014	Committee recommendations during the year	
18/06/2014	Internal Auditor to send new declaration forms to all AC members	
18/06/2014	Municipal Manager to send the presentation that is going to be presented to the premier to AC members for their comments.	
18/06/2014	Presentation need to be truthful, include all issues like number of indigents and also include measures that have been taken to resolve those issues.	
18/06/2014	CFO to make sure service provider for asset register get the job done correctly. She must also make sure that the people are working at municipality not outside Adelaide e.g. East London or Mtata.	
18/06/2014	CFO to meet with BCX by the 31 st July 2014 with regard to subsidizing refuse and report back to next Audit Committee meeting	
18/06/2014	Municipal Manger to respond on the template submitted by DR Plaatjes since it relates to performance information	
18/06/2014	It was resolved that people who will be going to see the Premier will be the Mayor, Chief whip and one of Audit Committee member. The presentation to the Premier to include the refuse truck problem.	
18/06/2014	Presentation to the premier to be reviewed by Management, AC members and Altimax on the 24 th June 2014	
18/06/2014	AC meeting packs to be sent both on hard and soft copy. Internal Auditor to create drop box to use in sending the soft copy packs.	

APPENDICES

18/06/2014	Traffic report for the 3 rd quarter to be updated and submitted to the next Audit Committee meeting	
18/06/2014	AC chairperson to email the SAICA guide in order for the municipality to develop a procedure Manual that will talk to the Records management policy.	
18/06/2014	Municipal Manager to check with IT person which windows the municipality is using and whether they are supported or not; also when are the Microsoft licenses will be changed so they need be considered during the budgeting phase.	
18/06/2014	AC chairperson to send a list of software that no longer supported.	
18/06/2014	Municipal Manager to submit draft IT policy in next meeting and how the municipality comply with COBIT.	
18/06/2014	Retention to be part of the Agenda items	
18/06/2014	SALGA representative to write a report that shows what kind of a support they planning to give to Nxuba and present it on the next Audit Committee meeting.	
18/06/2014	ADM general Manager to fill in conclusion on the findings rose on the supply chain management report.	
18/06/2014	Altimax (AFS service provider) suggested that the municipality must have IT governance framework that will need to be updated quarterly. They will provide the template to the municipality.	
24/10/2014	Deviations can be eliminated by getting into a contract with the company the municipality intends to do business with.	
24/10/2014	Reasons on the deviations register must show an emergency reason.	
24/10/2014	The municipality must consider having contract with sole providers and not always deviating.	
24/10/2014	Resource procurement- policy to mention assets going for bar coding at asset management unit Wi-Fi to be also mentioned in the policy Include in the policy that Lost/damaged PC be replaced at book value	
06/02/2015	Deeds search progress to be provided in the next AC meeting	
06/02/2015	Internal Audit to follow up and check if	

APPENDICES

	changes were made to the ICT policy as recommended on the AC meeting held in October 2014	
06/02/2015	CFO to arrange a meeting with AG senior manager and manager to get understanding of what has been done and what is outstanding on fixed assets. CFO to establish ICT steering committee	
06/02/2015	Budget statements need to be signed by Municipal Manager before they are submitted to AC. Irregular, fruitless and wasteful expenditure report sent to AC should be detailed and contain actions taken by MPAC in terms of investigations and not only state irregular expenditure amounts, The level of assurance for the municipality should be realistic.	
06/02/2015	Municipal Manager to respond on what way forward has he done to ensure that Internal Audit reports and recommendations are taken into consideration by HOD's.	
06/02/2015	Internal Audit to draft a report for AC to submit to Council.	
17/04/2015	<ul style="list-style-type: none"> • There should be a covering sheet whereby it is explained what has been done and where the TB's have been obtained from. • Remove all names on the caseware that state "Altimax", i.e. there should be no accounts with Altimax – this is applicable going forward for the caseware, however important that these accounts are correctly named in the Venus system. • Each worksheet needs to be signed by the preparer and reviewer. These must also be dated for when each person prepares or reviews. This is important as by signing the person is taking responsibility for properly preparing and reviewing the working paper. • Each worksheet needs evidence that the formulas have been checked • The grouped worksheet must show 	

APPENDICES

	<p>where each comparison equals R0.</p> <ul style="list-style-type: none"> • The caseware TB must indicate the AFS profit/loss that is agreed to the signed AFS (in the annual report) for the year ended 30 June 2014. • The TB of Venus at 30 June 2014 must be equal to the opening TB 1 July 2014. I.e. so we know that the system for 2014 is finalised and that the GL for 2015 starts on the correct point. 	
17/04/2015	How the budget deficit is going to be financed.	

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

[illegible]

[illegible]

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

VOLUME II

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor/ Speaker	Cllr LL Bruintjies	Nil
Member of MayCo / Exco	N/A	
Councillor	Cllr Q Maloni	Nil
	Cllr LJ Douglas	50 Shares at Sasol and 60 Shares at Welkom Yizani
	Cllr C Auld	Property costing R475 000
	Cllr BP Mentoer-Tukani	Residential Property costing R18 300
	Cllr P Jack	Nil
	Cllr SA Ndyambo	Residential Property costing R58 000
	Cllr E Lombard	Nil
Municipal Manager	Mr S C Caga	Fundisa CC(inactive) and a house costing +- R300 00
Chief Financial Officer	Ms NM Marambana	Apatame cleaning & security services CC (inactive)
Deputy MM and (Executive) Directors	N/A	
Other S56 Officials	Mr ML Msakatya	Bedford Windmill Distribution (Domant) and a House R194 800
	Ms N Makwabe	Nil

Contents

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>This table is aligned to MBRR table A3</i>						T K.1

Contents

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	26,485	23,572	28,075	23,042	-2%	-22%
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%
Dividends received	1,254	1,003	1,191	1,354	26%	12%
Fines	2,516	2,063	2,264	2,340	12%	3%
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%
Agency services	12,546	10,413	11,793	11,542	10%	-2%
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%
Other revenue	48,542	40,776	48,542	46,115	12%	-5%
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

Contents

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Contents

Contents

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				T R

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS